

TPCC REPORT

HEARING

BEFORE THE

SUBCOMMITTEE ON THE DEVELOPMENT OF RURAL ENTERPRISES, EXPORTS, AND THE ENVIRONMENT OF THE

COMMITTEE ON SMALL BUSINESS HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

WASHINGTON, DC, OCTOBER 26, 1993

Printed for the use of the Committee on Small Business

Serial No. 103-51

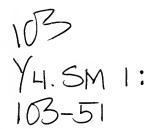






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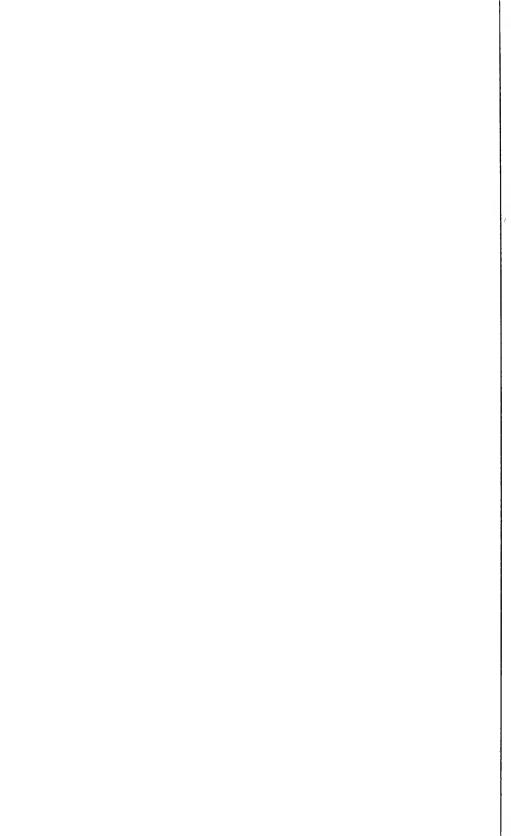
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TPCC REPORT

TUESDAY, OCTOBER 26, 1993

House of Representatives,
Subcommittee on the Development of Rural
Enterprises, Exports, and the Environment,
Committee on Small Business,
Washington. DC.

The subcommittee met, pursuant to notice, at 10 a.m., in Room 2359-A, Rayburn House Office Building, Hon. Bill Sarpalius (chairman of the subcommittee) presiding.

Chairman Sarpalius. The subcommittee will come to order.

We are, today, holding another hearing on trade. We have had a series of several hearings and we have been anxiously waiting for the TPCC report. The Export Enhancement Act of 1992 requires the TPCC to issue a report by September 30, 1993, outlining a strategic plan for Federal trade promotion efforts. The law requires that report to produce an annual unified budget for export programs, eliminate program duplication, and set priorities for Federal export promotion.

Today's witnesses will comment on the TPCC report, and this is a copy of the report that has been distributed. Today, we have invited a series of witnesses who are actually in the business of trade

to get their opinions on this report.

I would like to now call on my friend, Mr. Hefley, to see if he would like to make any comments.

[Chairman Sarpalius' statement may be found in the appendix.]

Mr. HEFLEY. Yes, Mr. Chairman, thank you.

First of all, I would like to insert in the record a statement by Mr. Ramstad, who asked that this be inserted in the record, if there is no objection.

Chairman Sarpalius. Without objection.

[Mr. Ramstad's statement may be found in the appendix.]

Mr. HEFLEY. I would like to do that and a few comments I would

like to have at the outset of the hearing.

Thank you, first of all, gentlemen for being with us today. For anyone who holds illusions about the effectiveness of managed trade, I suggest you investigate the dozen or so agencies under the umbrella of the Trade Promotion Coordinating Committee. One agency representing one-tenth of all exporters gets three-fourths of the funding. Other programs representing the greatest potential for export growth get almost no funding at all. In other words, there is no rhyme nor reason for how they are organized, operated or funded.

The purpose of the TPCC was to create some order out of this chaos. The committee was supposed to establish priorities for Federal export assistance, write up a plan, and work out the financing. It is a mandate, however, that goes unfulfilled by this report. That is not for a lack of trying.

I understand the committee put in lots of hours and hard work to come up with this report and I commend them on that effort. The problem as I see it is with the original mandate. Our export assistance efforts don't suffer from a lack of bureaucratic effort.

They suffer from an excess of politics.

There are over a dozen separate House and Senate committees with jurisdiction over Federal export programs. I think it is safe to say not one of these committees would agree on what the problems are, let alone how to solve them. Until this tangle is addressed, all the TPCC reports in the world will not make the Government more efficient, which is why the TPCC or any efforts like it is an exercise in futility.

The TPCC cannot force Congress to set priorities because it cannot overcome the political realities of a representative Government. No matter how pure the intentions, any activity undertaken by Congress is, at its most basic level, political. That is true for the TPCC report and it is true for managed trade. Decisions that should be based upon economics will instead be based upon politics.

If we really want to help American exporters, let us lower their capital costs and reduce the unnecessary regulations under which they report. These reforms will improve the American competitiveness. On the other hand, managed trade is another excuse to take money from one group and give it to another. It is good for politicians and bureaucrats but bad for America.

I thank the Chairman for holding these hearings and I look for-

ward to hearing the testimony.
Thank you, Mr. Chairman.

Chairman Sarpalius. Thank you.

Our panel today consists of Mr. Allan Mendelowitz, Managing Director of the International Trade, Finance and Competitiveness, General Government Division of the U.S. General Accounting Office; next will be Mr. William Nothdurft—did I pronounce that correctly—author of the book "Going Global," which is an excellent book and I would recommend all of you read it; then Mr. Leslie Stroh, editor and publisher of The Exporter; in addition, Mr. Peter Robinson, chairman of Assist International will be testifying; and Mr. Richard Barovick, editor and publisher of International Business Affairs Corporation.

Mr. Mendelowitz.

TESTIMONY OF ALLAN MENDELOWITZ, MANAGING DIRECTOR, INTERNATIONAL TRADE, FINANCE, AND COMPETITIVENESS, GENERAL GOVERNMENT DIVISION, U.S. GENERAL ACCOUNTING OFFICE

Mr. Mendelowitz. Thank you, Mr. Chairman. With your concurrence, I will be happy to read a shortened statement and submit the full statement for the record.

I am pleased to be here today to testify before this subcommittee on the report on the Federal strategic plan to promote exports, issued last month by the TPCC. The Export Enhancement Act of 1992 required TPCC to issue by September 30, 1993, and annually thereafter, a report containing a Governmentwide strategic plan for Federal trade promotion efforts and describing its implementation.

The act aimed to establish a process, including an annual reporting requirement, through which the administration, working with Congress, could establish priorities for export promotion activities, reshape programs to reflect those priorities, and marshal Federal resources to fund programs that yield the greatest return to the

taxpayer.

The legislation was specific as to the content of the strategic plan. It required the plan to establish priorities for Federal export promotion and explain the rationale for those priorities. The act also required the plan to include a strategy for bringing Federal export promotion activities into line with the new priorities and for improving their coordination.

In addition, the plan was to propose a means for eliminating overlap among Federal export promotion activities and increasing cooperation between State and Federal export promotion efforts.

Last, the act required TPCC to include in the strategic plan a proposal to the President for an annual unified budget for Federal export promotion activities. This budget was to reflect the new priorities and improved interagency coordination, and eliminate funding for areas of overlap and duplication among Federal agencies.

In our view, the TPCC plan, as its title suggests, is a status report on progress to date. The plan was developed with high-level involvement and in a collaborative and cooperative way among

Federal export promotion agencies.

The plan also broadly covers the Federal Government's export promotion programs and issues and sets into motion a number of important changes. We note, however, that the plan does not establish Governmentwide export promotion priorities or propose a unified export promotion budget, although the administration commits in the plan to address both of these requirements in the context of the fiscal year 1995 budget.

It is clear from the plan that TPCC leadership, in an effort to ensure that some substantive progress was made, addressed matters on which interagency consensus could be reached by Septem-

ber 29, and deferred action on more contentious issues.

Basically, the strategic plan undertakes or commits to undertake four types of initiatives. First, the plan commits the administration to making numerous incremental improvements. In combination, these changes may significantly contribute to improving Federal

export promotion efforts.

Second, the administration pledges to make several more farreaching changes that will most likely take some months to implement. These changes may substantially improve the delivery of export promotion services because they begin the process of integrating Federal export promotion programs and functions. For example, as we proposed in October 1992, the strategic plan commits Federal export promotion agencies to establish one-stop shop export promotion centers for providing services to U.S. business.

In an effort to determine the best way to create these centers, the plan provides for the establishment and subsequent evaluation of different types of one-stop shops. Also, responsibility for most Federal feasibility study grants for major capital projects will be consolidated in the Trade and Development Agency.

Third, the strategic plan announced several major export control actions to be taken without delay to help U.S. exporters. The most striking of these changes, made with the stroke of a pen, is a dra-

matic relaxation of controls on computer exports.

Finally, the plan commits the administration to completing the more difficult requirements of establishing priorities for Federal export promotion activities and developing a unified budget that in the plan's words will "allocate resources by agency, activity, and geographic focus." The plan makes a firm commitment to complete these tasks within the context of the fiscal year 1995 budget, which the administration should submit to Congress only about 4 months from now. The plan states that a National Economic Council interagency group, chaired by the Commerce Department, will establish the export promotion priorities, and a TPCC working group will help the Office of Management and Budget to translate those prior-

ities into a unified budget.

While various actions proposed in the strategic plan are important for firms of various sizes, several of the plan's initiatives are of particular importance to small- and medium-sized companies. For example, in our October 1992 report to this subcommittee, we discussed the fragmentation of the delivery network for Federal export promotion services. The plan's proposed one-stop shops are expected to integrate and make more accessible a range of export services aimed at small- and medium-sized export-ready firms. A pilot program to establish a network of trade assistance centers will be geared to helping smaller firms with little or no export experience. Under this program, Federal matching grants will be given to private sector organizations to provide technical export services to small companies, focusing on "how to" export counseling and training.

In a September 1992 report, we said that the Small Business Administration had made little use of its Export Revolving Line of Credit export financing program. The strategic plan establishes a 1 year period to resolve problems with the ERLC Program, during which the plan pledges that this program will be harmonized with a similar working capital program at Ex-Im Bank. If SBA cannot fix the ERLC Program within the 1 year period, the plan further proposes to consolidate in Ex-Im Bank all export finance assistance

for working capital purposes.

We believe that consolidating the two programs, should an evaluation show SBA is unable to effectively manage its program, could not only improve small businesses' access to export financing but also establish a precedent for reallocating resources across agencies based on agencies' comparative advantages.

We believe that the acid test of the value of the TPCC process will be the results of the administration's efforts to set Federal export promotion priorities and create a unified budget. As we stated at your July 26 1993, hearing, the true value of the TPCC's strategic plan lies not in its content but in the plan's tangible results; that is, whether this plan, as it evolves, leads to the transformation of the haphazardly organized and fragmented Federal export promotion effort.

As the administration continues to develop its export promotion strategy to meet the requirements of the 1992 Export Enhancement Act, we believe that the criteria we proposed in your July 26

hearing should be useful in the oversight process.

To be successful, the TPCC efforts from here on will require continued sustained high-level administration involvement and support. In particular, it is essential that the leadership of the five core agencies involved in export promotion—the Departments of Agriculture and Commerce, Ex-Im Bank, the Agency for International Development, and SBA—actively support the development of the new priorities and budget.

The NEC interagency group should use a well-reasoned analytical methodology for establishing Federal export promotion priorities, and, as I said, the unified budget is central to translating the strategic plan's priorities to concrete Government actions. The unified budget should include all Federal export promotion programs, reflect the newly established Federal export promotion priorities, and facilitate the process of reallocating funds within and among agencies.

The current range of programs and allocation of Government resources grew without any overarching strategy or stated priorities. Therefore, a new resource allocation that reflects a deliberate, analytically-based effort to make the most effective use of available public resources should reallocate resources among the various

Federal export promotion priorities, programs, and agencies.

Because the plan deals with change, even with the best of intentions, administration officials cannot be sure that they will get what they want. Consequently, we are encouraged by the strategic plan's commitment to adhere to a more systemic use of performance measures to evaluate the utility of export promotion programs. We caution, however, that great care should be taken in establishing what methods are to be used to assess performance. If the wrong measures of success are used, TPCC cannot make good decisions about what to change. This is a problem that I have referred to in the past as "managing to the imperfect indicator."

Evaluation of export promotion programs is very difficult. There is always the temptation to focus on what can be easily measured, or to justify programs in terms of alleged exports generated and

It is very difficult, however, methodologically, to establish a oneto-one relationship between export promotion programs and specific exports. In this regard, one measure that should be used to assess the success of each program is scientifically valid surveys that accurately reflect client or customer satisfaction with the usefulness of the services provided.

In conclusion, the Export Enhancement Act of 1992 established a process intended to improve effectiveness and efficiency of Federal efforts to promote trade. The first report on this effort identifies some potentially significant changes that have resulted from the TPCC deliberations to date.

In addition, the report commits the administration to completing the difficult tasks of setting Governmentwide priorities and creating a unified budget for Federal export promotion activities within the context of the fiscal year 1995 budget. If this continuing effort is successful and TPCC can fulfill all the commitments it makes in the September 29 report, TPCC will make a significant contribution to improving the Federal Government's effort to promote exports.

Mr. Chairman and members of the subcommittee, this concludes my summary statement. I will be happy to try to answer any questions you or other members of the subcommittee have.

Chairman Sarpalius. Thank you, Mr. Mendelowitz.

[Mr. Mendelowitz's statement may be found in the appendix.] Chairman Sarpalius. Mr. Nothdurft.

TESTIMONY OF WILLIAM NOTHDURFT, POLICY CONSULTANT

Mr. Nothdurft. Mr. Chairman, Mr. Mendelowitz has gone over the five charges to the TPCC, and I will not repeat those points. Let me begin by noting for the record that many devoted public servants in several Federal agencies have worked very, very hard on the tasks that were placed before the Trade Promotion Coordinating Committee amidst the chaos of changing administrations, against brutally tight deadlines, and against very difficult political and bureaucratic odds to produce recommendations that will indeed improve Federal export promotion. What is more, they

brought it in on schedule which may be a record.

The committee members had some very substantial opportunities as they addressed their task. They had a clear and direct set of orders from the Congress. They had a new administration and a one-time chance to blame—accurately or inaccurately—all the problems in the system on the last 12 years of management by another party. They had friendly and sophisticated assistance from States and from other organizations in the private sector as well. They had several years of detailed and excellent GAO reports on the problems within the existing system for trade promotion. They had a Federal budget crisis which I submit presents a very substantial opportunity for change as well. They had the emerging public and private sector consensus on the imperatives of globalization. Given their charge and these opportunities, the question is: Did the TPCC do its job?

The answers, I think, are mixed. It is certainly an improvement, but the question of whether it meets the objectives that were set for it by Congress can only be answered by the answer: Not really. It would appear that the TPCC has made some real progress in export controls, export finance, major project advocacy, and improving the overseas services of the U.S. Foreign Commercial Serv-

ice.

I am not an expert on export controls, export finance or the operation of the Foreign Commercial Service. I would defer to others on the panel to comment on those points. My experience in export policy has had, principally, to do with export promotion programs,

the focus of only one of the three subcommittees of the TPCC, to which I served as an occasional and strictly informal advisor.

It is that subject to which I would like to direct my remarks.

Before that, I will make an opening comment.

In one of the Sherlock Holmes stories, Holmes says to Watson, "It is clear that this case rests on the issue of the dog barking in the night." Watson thinks about that and says, "But Holmes, the dog did not bark during the night." To which Mr. Holmes replies,

"Precisely."

Mr. Chairman, in roughly 100 pages of dense, single-spaced, type-set, double column text, the U.S. Department of Agriculture gets mentioned substantively just once, in one paragraph which says, roughly translated, USDA will continue to do pretty much what it has always done, and thank you very much for your interest. That is it. Any other mention of USDA simply notes where USDA is excepted from the provisions to which all of the other agencies are applicable. There is also a brief mention in an appendix, but that mention is essentially procedural.

It is just as important to examine what this report does not say as to what it does say. What it does not say is anything of substance about the agency that controls 75 to 80 percent of all the Federal dollars spent on export promotion, the same agency whose export programs have been exposed by The New York Times as rid-

dled with fraud.

When the player with three-quarters of the marbles goes home, the game is over. Going up against the U.S. Department of Agriculture is a formidable task. I don't underestimate it. But it is not an

impossible one.

The Trade Policy Coordinating Committee was asked to address 100 percent of the Government's export promotion programs, not the 20 percent not dealt with by the U.S. Department of Agriculture. In this respect, the National Export Strategy is a triumph of timidity. When it comes to its export promotion programs, from grain export subsidies to the egregious Market Promotion Program, USDA may not "bark in the night," but I would suggest to you it is a dog nonetheless. It need not be. It could be a powerful and effective tool to increase the competitiveness of one small segment of the American industry. But unless and until it is dragged out into the clear light of public scrutiny and reformed, it will continue to be an unconscionable waste of desperately limited public resources.

That comment having been made, let's see how TPCC proposes to

use the relative chicken feed left behind.

One, priorities.

The National Export Strategy has a number of clearly stated and attractive goals, but very few priorities. Setting priorities means making choices, and to make choices, you need a firm analytic foundation. The National Export Strategy presents no analytic foundation. It is entirely silent on how little we spend on export promotion compared to our international competitors. It is silent on how desperately needy our Foreign Commercial Services posts are and how outclassed they are by our competitors. It describes many of the export promotion programs of our competitors, but never compares them with our own.

In the absence of a frank discussion of the problem, the recommendations are groundless. It is not to suggest that I think the recommendations are wrong, just that they are without foundation, at least in this report. We discover ourselves in this position despite the fact that the new exporter database created by the Census Bureau and now handled by the Commerce Department was available, but apparently not used; despite definitive comparative analyses of our export competitors; despite the fact that several leading players—from the U.S. Chamber of Commerce and the National Association of Manufacturers at one extreme to National Small Business at the other—as well as a number of States, had provided detailed, thoughtful analyses to the committee staff people in order to help them with the task of making very hard choices.

I would suggest to you that without an analytic foundation, the report cannot identify priorities as required by the act, and indeed it does not, although it promises to do so the next time around. Without establishing priorities, I must say that it is unclear to me how or even why the TPCC would then go on to make 60 recom-

mendations. But it does. So, let's look at the plan.

Two, the plan.

With no analytic base or priority setting, the report presents a fairly slim plan. This is not because the staff working on the report had failed to address difficult elements of such a plan. I suggested that the reason why the plan does not include those elements was that it was watered down and many of those recommendations were eliminated in the final weeks before publication.

After struggling for months to change the status quo of export assistance, the committee staff awakened to find a status quo resplendent in new clothes but little altered beneath the surface.

Let me just provide one example. The National Export Strategy proposes the creation of four pilot "one-stop shops" in which export assistance services would be collated. This is a good idea as far as it goes, but I suggest it does not go far enough.

There is in fact almost no justification whatsoever—and the report gives none—for having export assistance services delivered on the ground to individual firms by Federal agencies in the first place when their State government trade office counterparts do the

same thing and are a lot closer to the client.

The Trade Promotion Coordinating Committee should have made one-stop shops the first step in a gradual devolution of Federal domestic export services to beefed-up State trade offices—placing the Federal agencies in the far more efficient and sensible position of "wholesaling" services that only the Federal Government agencies can provide—things like trade lead data and overseas market research—letting the States and some private sector players be the retailers of those services to the customers they know better than the Federal agencies.

But it does not do so despite extensive exploration of this opportunity during the months preceding the publication of the report.

In the same cities in which the one-stop shops will be located, TPCC recommends the establishment of four private sector, fee-for-service-based trade assistance centers or TAC's—the remnants of another good idea explored by the committee but changed almost to render it inoperable.

First, there is no defensible reason for TAC's to be exclusively private. Indeed, requiring that they be private undercuts one of the central objectives of the act which was to rationalize the system of public and private export assistance providers. The TAC's should have been allowed to be public, private, or a joint venture of the two—whichever makes the most sense in the locale in which they are established.

Second, and much more important, the operation of the one-stop shops and the TAC's is being designed in such a manner that the TAC's cannot help but fail, leaving the Federal Government unaffected. Under the plans currently on the drawing boards, the Federal one-stop shops are to serve "export ready" ready firms, at least in part because that is what the Federal agencies claim to be doing already.

The private TAC's—which you will recall are eventually to charge fees for their services—are to serve firms that are not

''export ready.'

Mr. Chairman, one thing we know about inexperienced smalland medium-sized firms is that they are afraid of exporting, justifiably so, and are unwilling to spend money to get their feet wet.

The distribution of responsibilities between the one-stop-shops and the TAC's is precisely backwards. The one-stop shops should be helping export-willing but not yet ready firms prepare for exporting. The fee-charging TAC's should provide to firms that "graduate" from the one-stop shopping system assistance on the nuts and bolts of doing export deals—deals which represent profit opportunities for which the firms would be willing to pay for assistance.

The fact that this proposed system is backwards, I suggest, is another example of what happens when you throw together recommendations without analyzing the actual problem at hand, and the remarkable ability of Federal agencies to appear to be changing when, in fact, they are not. Federal domestic export assistance programs do not need a new address. They need to move out of the neighborhood altogether.

Three, the Unified Budget.

Having hammered the TPCC thus far, let's give them a break on this. Under the stress of change of administrations, a schedule expecting TPCC to produce a unified budget by the 30th was too much. It should be the central task of their continuing deliberations and I gather it shall be.

Four, Eliminating Overlap and Duplication.

The National Export Strategy talks a lot about "coordinating and streamlining," "establishing a process," "encouraging" and "consolidating." But there is, to my recollection, not a single rec-

ommendation to eliminate anything outright.

A careful reading of the record will reveal a relentless unwillingness to make hard choices, a stubborn resistance to change in anything except in name, and an absolute refusal to take seriously the instruction of the Congress to clean up the Government's export promotion act. Agency staff will tell you that it takes time to bring about such significant change in the way agencies work.

This explanation is wrong on two counts. First, any new administration has, at best, only a year or 2 in which to propose and implement substantive change in the system—as both Presidents Carter

and Bush can attest. Second, and more compelling, is that the TPCC's caution is a strategic blunder. Had Ex-Im Bank, SBA, and USDOC eliminated something, anything, they could have held it up like a mirror to USDA and demanded similar action. They did not and cannot. Now USDA has a perfect excuse for doing nothing.

Five, Federal-State Cooperation.

Having excluded the States from participation in Trade Assistance Centers, and having ignored the opportunity of making States, rather than branch offices of Federal agencies, the retailers or deliverers of currently Federal and often duplicative export assistance services, the TPCC report is reduced to a lengthy paeans to Federal-State cooperation and promises to "create or expand formal lines of communication" and "increase cooperative agreements."

All of this is fine. It has potential. But much is left unsaid, much that could be said this time around and not relegated to this time

in the future.

In closing, let me reiterate that my comments are limited to the export promotion portion of the report only. Second, many very talented people in the Federal Government have worked long and hard on this project. Many of their best and oldest ideas—ideas that responded directly to the charge Congress gave them—were eliminated in the final weeks. You do not have a plan before you. A significant opportunity has been lost.

Does it matter? It does if we want to keep the United States from

becoming a second-rate player in a global economy.

In other areas, the Clinton administration is working very hard to strengthen American competitiveness. It is developing programs to ensure a highly skilled work force for the future. It is working on helping American manufacturers modernize to compete at the level of the best global competitors.

But if we have no market plan for our economic strategy, and a market plan is what the TPCC's report should have been, then we may well find ourselves "all dressed up with nowhere to go" and

outmaneuvered in the battlefield for global market share.

At least with respect to export promotion programs, the TPCC's report to Congress, for all its heft, does almost nothing to change the way this Nation approaches the task of improving its performance as a trading nation. That is too bad. It could have been a contender. Perhaps it would be wise to adopt a baseball metaphor, another place where we have ceded market share to a foreign competitor. Ever optimistic, I suggest we wait until next year.

Thank you very much.

[Mr. Nothdurft's statement may be found in the appendix.]

Mr. Poshard. [presiding] Mr. Leslie Stroh, who is the editor and publisher of The Exporter in New York.

TESTIMONY OF LESLIE STROH, EDITOR AND PUBLISHER, THE EXPORTER

Mr. Stroh. I come from out of town, so I don't quite understand how this town works. But I am discovering the words hidden agendas have a lot of meaning as I talk with people down here about the TPCC report. I am very impressed with Secretary Brown's efforts in this word "advocacy."

I think Secretary Brown has something important to say on this word "advocacy." I think it should have been the key note of this report. That being said, and my written testimony covering that subject, I am going to try to focus on summarizing some things that perhaps this committee can look at in terms of what can be done. Certainly the TPCC report does not do that.

I also want to commend the President and Mr. Brown on their major, major first step in raising the lower threshold of export controls. Needless to say, the consensus of business opinion is that they did not go far enough, but the fact of the matter is a most remarkable thing happened, they changed the rule in terms of policy. Seven days later, the Federal Register actually published a new set of rules. This never happens. It is generally 3 to 6 months.

It caught this magazine off guard. I thought I had plenty of time with the next issue. But I must say, we see from the top some very

important political policy steps toward exporting.

Like Mr. Nothdurft, I have met a number of the people who worked in the trenches. I must say some of the most hard working and intelligent people I met in and out of Government worked on this report. I am then at a loss to explain why the TPCC report is best charitably described as incoherent.

I am going to comment on Commerce Secretary Brown's introduction of what this report was. I think that introduction was unfortunately provided for him and sandbagged him. Nevertheless, he promises if we implement this report, we will have U.S. exports of

\$1 trillion by the year 2000.

My analysis of just continuing the rate of growth of U.S. exports, which are growing 6 to 8 percent a year, says we will have \$1.1 to \$1.3 trillion of U.S. exports in the year 2000. I maintain that the TPCC estimate of the 10 to 30 percent reduction in growth of exports by implementing their strategy gives new meaning to the words "I am from the Government and I am here to help you."

The most amazing thing about this report is that there are no numbers in it. I made some points in the written testimony, but I am going to make a point about campaign strategy. Would any of you run for reelection without demographics of your district? Having made that point, would any of you take out, the rural sector, if you are from a rural State and ignore them completely. Then if you had an urban sector, would any of you take out and

exclude two-thirds of the players in the urban sector?

My compatriot on this panel, Mr. Nothdurft, pointed out that this is how agriculture is dealt with. I guess agriculture has a presence in the report because it exists but it doesn't have any physical presence in terms of line count. You will also note that trade intermediaries, who account for 67 percent of the exporters in the United States, are mentioned parenthetically within nine lines. They represent is about 34 percent of U.S. exports and it is about 67 percent of the number of exporters. They are not even mentioned in the report.

So we come down to a report that is extraordinarily, narrowly focused, excluding agriculture, which has all the money, and ex-

cluding trade intermediaries, which have all the exporters. So, I

would like to know what the report is reporting on.

Demographics are the toughest part of this whole deal. Mr. Mendelowitz pointed out, and I think it is a brilliant phrase, "managing the imperfect indicator." I wish he had said it privately, I would have stolen it. Because there is no good indicator. But I would like to ask you or anybody ever to define for me the psychographic "export ready."

I have read the definition in the book. It excludes—by the way I define a trading intermediary as Cargil—as ever being "export ready" by that definition, because careful doesn't meet all four cri-

teria. It is a psychographic. It is an attitude.

How do you count it? I cannot count the word "export ready." Everybody in the business knows that is focus on something called the frequent and infrequent exporter. It fails on the basis that export ready fails. You cannot count it easily.

For 200 years we have been counting companies by the number of employees that they have. Therefore, any attempt to count the number of exporters has to be counted by the number of employ-

ees.

If you count exporters by the number of employees, you come up with some very interesting facts. For instance, manufacturers with less than 20 employees who do export depend on exports to the tune of 30 percent of their business. Whereas big exporters with more than 500 employees, it is only 15 percent of its business.

Another fact: If you look at manufacturers with less than 20 employees, their export sales per employee is \$24,000. If you look at big business, their export sales per employee is \$20,000. If you look at medium-sized businesses, their export sales per employee is

7,000 to \$10,000.

I can define a strategy right there. I can say, as my strategy, that I would like to see middle-size business selling as much per employee as either big exporters or very small exporters. But this notion of small companies bears very directly on this committee.

This committee is popularly described as the SBA committee. So, the question is: What can the SBA do? We have to talk about who are the players. Who or where in this TPCC report does it define the players. It is on page 7 and 8 of my testimony. I can read through it.

There are three players. There are manufacturers. There are trade intermediaries commonly called trading companies or wholesalers and distributors and all other exporter companies with employees. We are assuming that nonemployee companies that rent

their garage don't export.

I maintain there are four sizes of exporters for analytical purposes, three of which meet the SBA definition commonly described as 500 or less for small, but I think should be broken in three separate categories,—very small—under 20 employees. This covers most trade intermediaries and many, many manufacturers. Small, 20 to 99 employees; medium, 100 to 499 employees; and large, over 500 employees.

Third, companies operate in one of five styles, domestic only, and I have the percentage here in my written testimony of how many are domestic only and how many have any export business at all.

By the way, the percentage goes up by size until you get to big

companies, almost 80 percent of all big companies export.

All these years we have been trying to induce people to export has been effectively a waste of money because if 80 percent of the big businesses are exporting, I think they figured it out and the 20 percent that don't probably have a good reason for not exporting or are not being counted properly.

Domestic only, export and domestic, binational and trinational, in other words, you open an office in Canada or Mexico or England. It is very different from being a multinational where you have offices in 10 or 12 countries. The problems for multinationals grow geometrically, factorially not geometrically. If you are in 10 countries, 10 factorial is the kind of problems that you have.

Transnational, that is that distinction between multinationals I make which is probably not terribly relevant, but I look at the difference of ownership. A multinational to me is U.S. owned and

transnational is foreign owned.

There are only four types of trade facilitators: Federal, State, and local, private nonprofit, and the private forprofit. Well, with that matrix, you can analyze anything. It is within the competence of Congress, this committee, to analyze any trade promotion program just the way you analyze a campaign strategy. It is no different. It is a marketing plan.

I think that small business has a very important role in this whole thing, but I think we have to get past a few points. I think the SBA has misdirected its efforts. One of the other big points made in Mr. Brown's speech was wonderful, we moved the Ex-Im Bank loan program to SBA. I would assert the most important sentence is the next one which is, "If it doesn't get straightened out in a year, it will go back to Ex-Im Bank."

I blatantly assert that it is not SBA's fault. It is a transactionbased finance program they that the people at SBA are running and all their people are trained in asset-based lending. It will not and never will work. You might as well kill it, see it go back to the

Ex-Im Bank and see it fail there.

Everybody talks about this program as if it is the answer. Do you know how many loans they made? It is around 200. There are 104,000 exporters. What did 200 loans do for 104,000 exporters? What would 1,000 loans do for 104,000 exporters?

What is the measure of success, by the way? Is it 1,000 loans in a year? 2 a week? 20 a week? Is it 1,000? It is not going to happen. It

is going to fail. You might as well kill it.

Something else you have to kill. You have an Export Trading Company Act there. It was mentioned by Mr. Nothdurft. In no place in the TPCC report do we see any reference to failed programs. Here is a program that was going to create 300,000 to 600,000 jobs. At best it has created 20,000 or \$1 billion in exports. There are 60,000 trade intermediaries who exist without the benefit of that program. ETCA costs money. It clearly has failed.

Congress passed the program unanimously. It is your program. You just had bad data. You did not make a bad decision. You can kill it and when you kill it you can free up the funds for something

else.

SBA has a real opportunity promoting trade and it is to take on what Commerce is unwilling to take on, which is the trade intermediaries. You have 60,000 trade intermediaries and a couple of hundred thousand small manufacturers out there.

Introduce the trade intermediaries to the small manufacturers. It is a real simple program. You don't even have to know anything about trade. All you have to do is know how to use a telephone. You introduce a few trade intermediaries to a few small manufac-

turers.

Now, there are a couple of problems with this. Somebody might make a profit. There is a real problem of small business making money. I get confused by this. I thought that was what we were in business for. But there is a real problem here. There are ways

around it if one wants to look at it.

The easiest way around it is to deal with known players such as members of the District Export Council or the World Trade Club as being the only players who can play in the game. But the point is, you have 67,000 companies out there whose sole business it is to promote exports and at the end of the day make a profit. They make a 10 percent gross margin on average. They make a living. There is nothing wrong with making a living. Small manufacturers make a living but they don't have the expertise in exporting.

I see the TPCC report suggesting that they should replace 42,000 trade experts—trading companies—who know more about business than any Government employee ever will. You have good Government employees, I am just saying they cannot do what the private sector can do. I see a bias in this report against private business and against small companies. Those are the people they did not discuss and of course, those are the solutions they did not propose.

Where does this leave me? I guess it leaves me with focusing on this whole issue of where can the Government go and how can they help? They had the right idea with the word "wholesaling," get out of the retail business. They talk about providing information to the

export ready firm, even using their terms.

We have a lot of the one-stop information stops in this country that are technologically sound. They are called public libraries. The public library system can use the money. They can be funded. There is plenty of places to go. It requires a little imagination to get there.

When I get all done, I come down to this report was a housekeeping report. It did not show vision. I am trying to figure out how can

Congress measure the results.

First of all, you need the demographics. You have them in the exporter/data/base. You need a strategy—which is not part of this report—and then you need to fit programs to the demographics

and the strategy, not the other way around.

This report starts from programs. Like Mr. Nothdurft says, it is a continuation of the past 12 years. They didn't work in the past 12 years, so why adopt them for the new administration. You cannot ignore agriculture. You cannot keep on going with housekeeping and things, so I come down to this: Congress is competent to analyze export promotion and trade policy simply because it is no different than running a campaign.

I come to what I call the dog catcher test. If you had a campaign plan that ignored the rural vote and 67 percent of your voters in the urban districts and was written and organized on what got the last guy run out of office, could you get elected dog catcher?

Mr. Poshard. Thank you for your testimony.

[Mr. Stroh's statement may be found in the appendix.]

Mr. Poshard. We will hear now from Mr. Peter Robinson, chairman of Assist International in New York.

TESTIMONY OF PETER ROBINSON, CHAIRMAN, ASSIST INTERNATIONAL

Mr. ROBINSON. Mr. Chairman, thank you and the honorable members of this subcommittee for the opportunity to testify today on the strengths and weaknesses of the Trade Promotion Coordinating Committee, TPCC, strategy and its impact on the U.S. export community. Today, I will speak as a small business entrepreneur, wearing many hats, who is committed to providing individuals and firms with the tools and resources necessary to get them involved in international trade.

International trade has been my occupation and preoccupation since the early 1970's. I have over 20 years of import/export experience in both the public and private sectors. Presently, I am the chairman of my own trade promotion and consulting firm in New York City. I act as the Executive Director of the National Association of Export Companies, NEXCO, sit on the boards of the World Trade Club of New York and the National Association of Small Business International Trade Educators, am a cofounder of MINT—Minority International Network for Trade—and a member of the New York District Export Council.

The report delivered to Congress on September 30th entitled, "Towards a National Export Strategy," in my opinion is comparable to the Declaration of Independence. Not since the Marshall Plan, have legislators, bureaucrats, State and local officials, exporters, manufacturers, chambers, world trade organizations and entrepreneurs have been given a road map for the Government's efforts

to expand the United States role in global markets.

No longer will Americans have to sit and figure out Government's role or what direction it is or is not taking. This action is nothing short of a miracle, and the Congress and the 19 agencies involved are to be commended for finally coming to terms with

combining business' interest with national policy.

In my 20 years in this business, I have never seen such a commitment from Government. I have actually worked in Government. It is truly a pleasure to have directives on which you can "hold their feet to the fire," not as an opponent but as a partner in advo-

cacy.

Now, individuals and organizations throughout this country can employ their wealth of talent, skills, resources and programs in support of the national policy. Our overseas competitors now know that the U.S. Government can be counted on to assist its businesses in foreign markets. This is a declaration being heard around the world—bravo.

However, the report does have its shortcomings. Let it be clear that the TPCC has been legislated by Congress to "clean up" Government's act. That action doesn't necessarily translate into what is good for business or for America's competitiveness. The agencies involved have only proposed their intentions. Implementations and the commitment to that implementation, and the input of the private sector is key to the success of this strategy.

However, the document still lacks the foresight to understand the changes that are occurring in international trade and how to position the United States to continue to be competitive in the next century. In the last 10 years, I have seen many changes in the exporting industry. The international business community has seen a proliferation of service providers and organizations involved that

didn't exist 10 years ago.

Market opportunities are being created overnight, and regional trading blocs challenge our present structures for doing business. All of this is here now. None of us in the private sector dare to say what is in front of us, except that we must be prepared and establish networks and forums which respond quickly to the needs of

our exporters.

I will use the time allocated to me to address the needs for more structure and substance to the proposed strategy. Trade promotion efforts by Government have been largely viewed as nothing more than cheerleading rallies without substance. In a number of cases this view is justifiable. The strategy that is proposed, without further definition, could easily fall victim to the same malady. Included today in my testimony are 31 recommendations that put meat on the bones of this skeleton.

I laud the present efforts of the TPCC but also note that the U.S. Government and its export strategy must come out of its shell and stand with exporters to become more involved with the needs of

their clients and how best to serve them.

The gist of my recommendations emphasize that one, the U.S. Government must place within the strategy a mechanism to allow business to communicate with its Government, and more importantly, a mechanism for business to communicate with each other on the issues facing them in today's global markets.

Two, that the benefits of indirect exporting are clear in our trade stats. Almost 40 percent of United States, exports are handled by export intermediaries, their role and the services they require need

to be supported by the TPCC.

Three, education and training for exporting needs to be put on a national education agenda and appropriate resources allocated reflecting that commitment.

Those minority businesses which are participating in international trade activity need to be acknowledged, identified and supported

to continue expanding the international market.

The role of the Trade Information Center will require sufficient personnel and financial resources to effectively carry out the intentions stated in this strategy. For 60 years, I have watched Government on all levels hold the private sector at bay, particularly small business.

A criteria needs to be established as policy which will include the private sector as partners in this national effort. There are over 2,500 service advisors we have identified in the tri-State, Northeast United States area. There may be as many as 10,000 specializing in

providing services for international trade.

Utilize the local, regional and national nonprofit networks to act as private sources of information on service providers. If a firm is a member of one or more of these organizations, include them in the game.

Lastly, in the area of exporting finance, let's temper our need to know what is not working with the foresightedness to address alternative vehicles to finance U.S. Exports. Let us try to expand the concept of transactional-based financing as opposed to collateral of asset-based financing. Let us break the shackles on our systems and our culture in order to compete effectively in tomorrow's global market.

That is pretty much my testimony, and I welcome any questions.

[Mr. Robinson's statement may be found in the appendix.]

Chairman Sarpalius. [presiding] Mr. Barovick.

TESTIMONY OF RICHARD BAROVICK, EDITOR AND PUBLISHER, INTERNATIONAL BUSINESS AFFAIRS CORPORATION

Mr. Barovick. I guess I am glad I am last because I can ad-lib more. Because I live and work in Washington and have earned a living as a consultant and as a journalist in dealing with Government programs pretty exclusively, I have some different perspectives, although I share many of the opinions that have been offered.

First of all, I like the report a lot. I will explain why. That has to do also with the expectations that I came to the report with, which differed quite considerably. Listening to some of my colleagues on the panel, I am reminded of the scene in the movie Caesar and Cleopatra, based on the Shaw play many years ago where Vivian Leigh plays the part of Cleopatra and one day she says to a musician, "Young man, I want to learn to play the lute."

He looks at her and says, "Oh, Your Majesty, in order to learn to play the lute, you have to study philosophy so that you can express yourself in a focused, meaningful way." Vivian Leigh looks down at the guy and she says, "Nonsense, I want to learn to play the lute by Friday, and you are going to get whipped for every mistake I

make.'

There were two processes that produced the report. The first was the interagency consultations and deliberations. There were thousands of hours and an enormous number of people. It was mind-boggling to see that the Ex-Im Bank which had not been involved in this kind of thing, had 30 people working on this project. That was unheard of and it is to the Ex-Im Bank's credit.

The second part of the process was the public relations aspect of it, which built up a lot of hype and expectations. My colleagues here saw that the emperor did not have new clothes and recognized the hype that surrounded the release of the report. I never expected that much to come out of the report and I was not disappointed,

I was delighted.

Let me revert to my prepared remarks to say I would like to talk about three things. One, I would like to give an inside the beltway response to the report, unlike my colleagues who don't have the opportunity or the disadvantages, depending on how you look at it, of working here. There are three elements I would like to comment on. The first is the rivalry in Washington between international economic and international political and military affairs.

Because of the cold war, we have lived under circumstances in which military and political relations have totally overshadowed our international economic life. The result is that trade relations have been a poor relative in our international posture. Now that is changing. Fortunately the cold war is over and there are a variety of signs of it of which I think this TPCC report is one example.

For example, in last year's Presidential election, both political parties stressed the need to upgrade the importance of international economic life and downgrade the importance of defense. Mr. Clinton no sooner took office than he created the National Economic Council as a counterbalance to the National Security Council,

which is preoccupied with military and diplomatic affairs.

So, we have institutionalized the upgrading of priority for economic affairs, which means we are going to enhance the status of trade relations here in Washington and that includes exports. Congress in its wisdom created the TPCC, it was strictly a congressional initiative, and this is one part of the process of reporting the priorities of economic life over military and political life. So, the

report is one bit of reflection of the shift in these priorities.

The second element I think in the politics of exports is what we call in Washington the rivalry between policy and program. Because trade has been under the shadow of foreign affairs, when trade is dealt with, trade negotiations become the key element of solving our trade problems. If we can only open markets abroad through trade negotiations, whether they be bilateral or the NAFTA negotiations or the multilateral trade negotiations in Geneva that have been going on for several years, that is considered our primary tool for solving our export problems.

I would suggest that this reliance is unfortunate but the results, if we negotiated to open markets for American companies, might create enormous opportunity. Who could disagree? Unfortunately, that is only part of the equation and the other part is that exporters have to be helped to do their work or encouraged to get into the

field, as Mr. Robinson said, in many cases.

The TPCC report fits into the context of that rivalry between policy and program. Our Government officials would rather be Henry Kissinger or Dean Atcheson, be Secretary of State, deal with the grand and majestic, the legacy of Kings and not worry about mundane things like selling textile machinery abroad. It is not dignified and dramatic enough. You don't get yourself on the front page of the paper; but you do if you are screaming at a Japanese barrier or posturing at the NTN.

In that light, I felt the TPCC report was important because it focused on programs, and these programs are not only a thing in itself but they are a reflection of something which I think we need—our export culture or our export mentality, something that

the country needs and I think it is on the way to developing.

I was saddened but not surprised at the editorial that The Washington Post put in the paper the day after the TPCC report ap-

peared. The Post acknowledged the two or three dramatic things that were in the report and then asked, predictably, why didn't the report deal with NAFTA? The Post is a outstanding newspaper, a great newspaper, but it has an elitist point of view. Therefore, the people who would write that editorial would naturally look to some grand gesture and look to trade policy as the answer to our trade

problems.

It would not look to programs because it would never bother to get into trade programs. That subject would almost never appear on the pages of The Post. Therefore, the editorial was not surprising, but it was indicative of a problem that we face: That these programs bask in the shadows. They are a neglected field. The press doesn't cover them. The public is not aware of them. Those of us in

the field are sort of a little shop here that all know one another. I thought in that context that this report represented an attempt for the first time to get a little place in the sun for programs, to get some press coverage and attention, and The Post editorial, of course, in typical fashion was not aware that the programs were out there.

There is a third element in the politics of Washington that I think the TPCC process and the report itself are a response to. That is this: Part of the problem we experience, particularly in the trade promotion area and less so in export finance, is that we have a distinction, not a quarrel but a distinction, between large corporate exporters and small- and mid-sized exporters. In Washington, if you are represented, you are heard.

The major corporations are well represented in Washington in a variety of institutions. They have set up one institution just to deal with the Ex-Im Bank. Their voice is heard. They provide valuable input into the Councils of Government, Congress, or the executive

branch. They have only two interests.

There are only two elements in this report that mean anything to the major corporate exporters. One, major corporate exporters need export and project finance. If they don't get that from Uncle Sam, there won't be any. No bank, here or anywhere else, is going to finance U.S. exports to the Third World, Eastern Europe or the Soviet Republics without a Government guarantee.

Those guarantees count for a lot of exports. The major corporations know that and they have organized themselves to get that message across, and they have done a fine job at it. The only other thing the major corporations need, and I am not speaking about policy, the way we tax trade or capital recovery. I am speaking

about export programs.

The only other thing they need is advocacy. If they face rivalry from another country abroad where another Government is subsidizing an export or closing the market to an American export or there is some reason why a third country export is being preferred over American exports, our major corporations need Uncle Sam to go to bat to provide competitive financing, feasibility studies, to sweeten the deal as the expression goes, or to make major representations before the Government of the country that is importing the product.

The TPCC report, in all fairness, responded to the two needs of our major corporations. It addressed itself to the issues. The report

did not, but the accompanying statement with the report addressed itself to the issue of mixed credits or tied aid in which somehow, without details, we will now have a \$150 million fund to do battle

against the subsidized offering of our competitors.

It also said we will set up a new interagency group that will provide what effort it takes, feasibility studies, high level representation, financing, to land major projects in the Third World or the Soviet Republics. So, the report did respond to what the major corporations require.

That leaves a gap, however. The small exporters are thinly represented in Washington. There are a few associations here in town that do a heroic job of trying to represent small business. But they have a frail voice. They do a good job, but they have limited re-

sources.

The major corporations often help small business. I will give you

an example.

A month ago, it looked like the Ex-Im Bank, at the moment when it is bursting at the seams with activity, was going to have its budget cut. The major corporations were well organized. They got the word out and put together a coalition of small business, labor unions and State governments. They got the word to Capitol Hill and the Ex-Im budget was saved. I think it came out better than anybody ever expected it to.

So there is a role for the major corporations to do the work that benefits the small exporter. Their agenda is different. Most of the things in the TPCC report are designed for the small and mid-sized exporter who need the Government's resources and information and marketing services, feasibility studies and project development,

and contacts on business links.

We are in the ironic position in Washington in which the very people who are the beneficiaries and targets of the programs don't have the capacity to get their message across, to engage in a dialog

to tell the Government, "This is what we need."

Because the small business community is poorly organized, if at all, the Government itself cannot be expected to take the blame entirely. It would have to go out with a lamp in the middle of the night looking for somebody to talk to. The report attempts to start a process, and I agree with the criticisms that have been voiced here, but it is only the beginning, it is simply a menu, and nothing more plus a few immediate steps.

I think the report can begin the process of revising programs to help the small exporter who has not been able to get his message across. Much of the work that has been done in town has been done by your committee, Mr. Chairman. I can cite an example of the concrete impact of what you folks have done over the years.

The Ex-Im Bank Program to focus on small business was developed by your committee, not by the Banking Committee, which ul-

timately had to draft the legislation. That is a long story.

Therefore, I was delighted with the report. I felt it had the symbolism that was required in a town full of symbols. It was a first step. I don't think we could have expected it to be any more than it was.

As a matter of fact, in talking with the people who worked on it, I don't think anybody in the process expected it to be more than it was. It is an agenda and if the agenda can be improved, fine.

I wanted to comment on two other things in which I will repeat what some of my colleagues here have, I thought, very eloquently stated. It addressed a couple of key issues. There are lot of complaints in Washington that the Government is too confusing and the small businessman doesn't know where to go through the maze of Government to find the services.

Therefore, it started out, again modestly, on a pilot basis. You don't turn General Motors or IBM around in 6 months and we are not going to turn the Government around in 6 years. Therefore, it

started out modestly with a sensible proposal.

It said: Let's try in four places to set up a pilot program of the one-stop shop. Let's get the core institutions of the Commerce Department and SBA, if it is willing to be a player, and make it easier for the exporters to find the Government agencies and deal with them.

I would not blame all the confusion over the years on the Government. I would blame a little bit on exporters. When exporters go out to sell overseas, they do lots of homework on the person and company they are going to see. They spend a lot of time in preparation. But when they attempt to find Government programs, they think they will fall off the tree. They don't make the effort. They want to be pampered and babied and the Government is trying to make it easier for them.

As far as the export finance side goes, there has been lots of evidence that the banks have pulled back. There are only 45 banks left in the country that are in the export finance field in the medium-term lending and there are about 25 to 30 foreign banks that lend broadly, that is not just to their home country from the United States but around the world. There has been a step back. It is a long story.

I publish a newsletter on export finance so I know most of these banks. There is really a shortage of capital, as has been pointed out, in the working capital area, the capital the small exporter needs to assemble and fabricate the materials before the product is actually shipped. The Ex-Im Bank has been very active in developing its working capital program. The banks criticized it. The Ex-Im

responded. It seems to work well. The numbers are there.

One of the things I get through the Freedom of Information Act every year is the transactions roster of the Ex-Im Bank. It is a 220page print-out, about an inch think. The bank does a lot with a lot of exporters. I think we have to give credit where it is due. Anyway, this TPCC report did acknowledge the need for working capital financing and made a first attempt to deal with it.

The two working capital programs—SBA and Ex-Im—will be merged and the delivery system will be split. Ex-Im will do the large deals and SBA will do the small deals. On paper I think it is a great idea. How will it work out in delivery, well we have to give

them a chance to see what they can do.

There are some things in the report that puts SBA's feet to the fire. SBA is a decentralized organization. It is organized into regions. If you look at region 4 centered in Atlanta, you will find that

SBA does a lot of working capital transactions.

The SouthTrust Bank of Alabama, which operates now in six States of the Southeast, makes trade finance one of its leading products. It hired a fellow from the Ex-Im Bank to be its VP of International Banking in Atlanta a few months ago. It has made the SBA Program a centerpiece of its export finance acturties.

That proves to me that \$BA, if it chooses, and it rarely does, but where it chooses, it can do a nice job, and it has done so in Atlanta. This report says \$BA\$ is going to deliver in 1 year or else it is out of

the game. So let's see what happens.

The other subject in terms of what the report accomplished—I think I am repeating what Mr. Robinson said, but I thought it was a good point—is to note the distinction between the export-company ready, the company already in the business and active, but which needs a little help to expand exports significantly, and the person who is a wanna-be. He is looking around. I get calls from

these people, unfortunately, all the time.

When I was running the export trading company association, I must have gotten 600 or 700 calls a year. Fortunately, in the year since I stopped doing that, I only get about 5 a week now. They indicate, however, that there is an enormous hunger across the country for information on how to get into exporting. It is found among all kinds of people, people who took a trip to Europe or Central America, people who have a brother-in-law living in Brazil. It is amazing the amount of interest. Some of these people are rather resourceful. I think there ought to be a place for them to go to.

I think the report basically reflected what I am going to say. We need a two-tier system, a system centered in the Commerce Department and the Ex-Im Bank, that is the core of our system. If the SBA can participate on the finance side, fine. That care is for people already in business, in exporting, and who need some help, whether it be financing, or information, or market opening, or

what have you.

Then we need a second tier for the beginners, who are coming into this export development process and don't know a thing about it. They should have a place to go, and there ought to be a nation-

wide network they can plug into.

I would give two reasons for helping this second tier. One, this country needs to expand its export mentality. This process of reaching out to the little people, so to speak, that want to learn something about export, is going to produce results in two ways. Some of those people, I have met some of them, are remarkable. They get into it, and in 2 or 3 years, they are really doing something. They show some impressive results.

Second, we need to foster our export mentality by reaching these people. We are all agreed, in the global competition of today, training makes the difference. If we don't train ourselves as a country, we will not compete with our major competitors. Export training is as much a part of that training, to give us the skills to compete, as anything else. Those are the justifications for having this, in my opinion, this second tier of institutions.

I think this is the role for SBA. One, export finance if it is going to deliver. Second, the SBA, working with the State and local gov-

ernments and the rest of the network out there, can deliver to provide the facilities to help this second tier and get the second tier off the back of the Ex-Im Bank and the Commerce Department.

Let me comment about what was not in the report. Yes, I agree the budget process was only hinted at. The report said something rather wise. It says, in order to deal with this budget process, we will deal with this through OMB and the National Economic Council. Therefore the report itself reflected the realities. The TPCC by itself would be an orphan in the storm without those two institutions involved. So, they showed political savvy, in my judgment.

The second thing I would comment about is, once Uncle Sam says we are going to have trade assistance centers around the country and the money is going to be there, people are going to smell it.

An awful lot of people are going to show up.

I think there ought to be some principles as to who gets the money. I would offer these two sets: In the first set, for one thing, an organization that is going to deliver an export service or an export training role ought to have staff either in house or hire a consultant.

Second, it ought to provide matching funds. That cannot be done with mirrors. There is a lot of stuff done with mirrors through inkind contributions. It has to come up with cash, not all. There is a

role for in-kind, but I think it ought to be made very clear.

Third, as has been commented on in the Agriculture Department, there ought to be a concept of graduation, get on the dole, then get off. Staff, resources, cash and graduation and then off. Now, I think there are some exceptions to that, and the exceptions are in the case of minorities. I think, as a matter of social policy, we ought to give some special attention to minorities.

In the second set, there might be small grants for small programs. I was involved in something like that in the trading company field where an organization was created by the Federal Govern-

ment, try it if there is some opportunity.

I want to comment on what I thought was left out in agency-specific recommendations. I want to comment on only three agencies. The Commerce Department, which has been whittled away over the years, should be beefed up. Part of the problem, the confusion and the disarray that the TPCC was trying to correct, was the fact that the Commerce Department has been chopped down year in and year out as everybody else gets into the export field. AID is in it.

The State Department has become more active. The CIA, with a vague role after the cold war is over, now wants to get into the export field, to provide information we would gather or steal from other countries to help us as compete. Everybody now sees it as a way to justify their existence.

The Department of Energy now has an Deputy Assistant Secretary for Export Promotion. TDA now exists. There was none 10 years ago. So, the Commerce Department has been whittled away

due to circumstances beyond its control.

I think that Commerce ought to be reconstituted. The TPCC has put commerce back in the catbird seat. Everybody says it is the 600-pound gorilla in this process. The programs being designed for

environmental exports will be located in every institution in town

rather than the Commerce Department.

SBA has a role, this training activity. SBA is divided into five parts. There is a Trade Office here in town which doesn't have any clout over anything beyond the beltway. There are the district offices across the country of varying capabilities to deliver product. There are 10 regional coordinators for exports. SBA is now closing down the 10 regional coordinators who have been important sources of information and know-how.

There is the SCORE Program of retired people which has a lot of know-how, is free of charge. Then finally there is the Small Business Development Centers. In my opinion, it is a good network around the country. I have worked with a few of them. It is a good way to deliver export counseling and coaching as part of this net-

work.

Let me close with some remarks on one of my favorite targets in life, and that is AID. AID has gotten into exports over the last 10

years under the Reagan administration and I think wisely.

AID has shifted its focus and is now focused on developing and encouraging, nourishing the private sector in the Third World, and now Eastern Europe and the Soviet Republics. Good idea. The agency does a lot of good work, in my opinion, but there are three problems for small exporters. One, no exporter, whether he is large or small—and I get calls from my subscribers all the time saying, will you please help me find out what AID does and what is going on.

AID has no mechanism to inform anybody. If the major corporations that call me cannot figure out what AID is doing, imagine

what the small exporter goes through.

I wear two hats, consultant and journalist. When I call them up as a journalist, you know what life is like, sometimes journalists write nasty articles. But I am not writing for Rolling Stone or Mother Jones Magazine. I am writing for publications designed to help the exporters, large and small, just know what the Government programs are so they can use them. It is no challenge, no threat. I am not looking for dirt or scandal.

But when I called AID, they refused to talk to me. They have a small business office at AID that you folks probably on your subcommittee and committee set up. The role of that office is to help

get the word out to the small business community.

AID works with thousands of people, contractors, that it gives its money out to every year. The book they have to publish to report on who those people are is 2 to 3 inches thick. There are a lot of people involved with AID, but if you are an exporter, you are not one of them. The small business office refused to talk to me to write an article.

Recently, about a year ago, they set up the Center for International Trade and Investment Services. Now, this group has two activities, one, to keep people informed, on what AID does, and provide business opportunities; and two, I will get into the second one in a moment. They have done a decent job in one respect, they have created project extracts. If you call their 800 number, they will get them out. You can ask for something on Indonesia or agribusiness or health. They will mail them out to you.

When I approached them to write an article on what they did, the Director of the office refused to talk with me and directed the person who had talked with me not to give me any further information. AID, at the top, when they make speeches and go before Congress, say that they don't want to be an export promotion agency. That is fine if they don't want to be one. Nobody should

expect them to be.

But when you get down to the bottom reaches of AID, the institution does claim to be an export agency. This is the Bureau for Private Enterprise. I don't know if it still exists. This is an explanation of the role of Center for Trade and Investment Services and this organization is run by a private contractor. It says that it provides value-added counseling and research services on energy, environment, that it uses the National Trade Data bank, which is the Commerce Department's product, uses United Nations resources, private sector and SBA resources. In other words, what it is saying is that they have gone into the business of being the Commerce Department down on 21st Street.

This piece of paper, and the mentality behind it is, the problem that TPCC was designed to correct and eventually will. I wish they got into AID. The reason it did not is that AID is being redesigned

by the White House and Congress.

There is one last problem with AID that I would put on the table. AID has become the banker for the Federal Government. Because AID has enormous resources and the Commerce Department and the Trade and Development Agency, which are two of our front-line institutions, have rather meager resources compared to their foreign competitors, as my colleague down the line pointed out.

AID spends more money than everybody else put together in this field, so the Commerce Department and TDA have to go hat in hand to AID to conduct their programs in Eastern Europe, Russia

and the Soviet Republics.

The money is not given out too willingly. I think that that is something the Congress ought to correct. Give the money directly to Commerce and TDA. No one needs AID to be the bursar for our export programs.

I will close there, Mr. Chairman.

[Mr. Barovick's statement may be found in the appendix.]

Chairman Sarpalius. Thank you very much. I appreciate your testimony. I have read your written statements. I apologize for

having to leave the room.

I want to ask a few questions. First of all, if you go back to what is the original purpose of the act, it was for the TPCC to produce an annual unified budget for export programs. In your opinion, could any of you in analyzing this report find evidence of an

annual budget for export programs? Nobody?

The second thing the report asked was to eliminate program duplication. I found it interesting, we have 19 different Federal agencies that deal with trade, 14 of those agencies testified before this committee. I asked each one of them as they went through their programs if they felt like we had duplication. Many of them said we did.

Could any of you then analyzing this report find any recommen-

dations to consolidate agencies or consolidate a program?

Mr. BAROVICK. Yes. There was a lot of it. For example, on the export working capital, a single program rather than two contrasting programs in SBA and Ex-Im Bank were dealt with in the report. Those programs today have the same purpose.

Mr. Stroh pointed out the need for transaction finance. That is what working capital finance is. The report said, let's merge the programs. Let's change them through the law if necessary, and let's make them one single identifiable program and provide the

delivery system for that. That would be one example.

A second example showed how today there are reports in a variety of Government agencies on different countries and the report suggested that these different reports of different agencies be consolidated. I felt that the report and the committee, the TPCC, did start out with eliminating duplication. When you talk about 19 agencies, the 19 agencies are on the TPCC, but some of them don't deliver a product.

The Labor Department is on the committee, but it doesn't deliver a product except for a few economists who look at their statistics.

Chairman Sarpalius. They have people on the payroll paid by the Federal Government to try to help businesses or people in labor, whatever agency they are in charge of, to try to help deal with trade and exports. Those were the agencies we called before us.

Mr. Stroh.

Mr. Stroh. I think your question is very interesting. What I saw in the report was a tremendous turf battle going on that was unresolved prior to the writing of the report. I saw it in the whine, and it is a whine, that the TIC should be designated as a sole information agency. I saw it in the discussion of the country reports. I saw it in many, many cases.

In other words, the TPCC did not achieve the elimination of duplicate programs but, within the TPCC, I do feel they identified the

duplication and now they are trying to fight the turf battles.

I have heard the turf battles extend beyond the agencies an into congressional committees. I see turf battles in that report, throughout the report where they are struggling. It is the compromise which is my criticism of the report. The compromise was that they did not resolve those issues before they wrote the report. The report is partly bland because they were unable to compromise on the elimination of duplication.

Chairman Sarpalius. We have the same problem here. We have 15 committees dealing with trade. This is just 1 of the 15 committees. We have been holding hearings. I believe we can do a more

efficient job of dealing with trade than what we are doing.

Mr. Robinson.

Mr. Robinson. Talking about the trade shows, I saw there was no commitments actually to ending or designating any particular agency as the sole provider of that service. I thought the issue that they brought it to a centralized, I believe it is a committee, looking at all trade events that are occurring through the various agencies to sort of designate who would take the lead on which events was a

little bit of a step forward in the idea that at least we would not

see the same agencies in the same shows.

Chairman Sarpalius. I thought that was interesting, too, when we had 14 agencies here, I asked how many agencies went to the trade shows. You couldn't help but wonder, why can't we consolidate and do a more efficient job of trying to get the information to businesses where there may be opportunities overseas.

Mr. Stroh

Mr. Stroh. Mr. Chairman, I would like to pick up on Mr. Robinson's remark. What you are seeing there is, as you centralize, and I fully appreciate the need to centralize this process, you slow down the process.

I would refer to my written testimony. Back in the 1600's there was a letter passing market news. The thing about market news is that it is timely. Information in this business gets old real fast.

Even trade shows are not planned that far in advance.

Mr. Robinson puts out the Internationalist and there are 253 trade events in the New York-New-Jersey-Connecticut region in the next 3 months. I suspect that none of them were planned more than 6 to 8 weeks in advance.

My problem with centralization is the process of centralization under the current technologically based system that I see that all these agencies has, they will never distribute the information fast

enough.

My whole approach in reorganizing the Commerce Department would be to eliminate everybody in town and focus all the efforts in the foreign or district offices and electronically network them because you cannot control the information well enough, you cannot produce a unified country report.

Everything that everybody agrees to will take so long and be so bland—we saw it in this report—that it will be commercially useless. Raw data is what this world is going to be made up of. We have to figure out how to deliver the raw data. The processing

meat grinder it goes through does not help anybody.

Chairman Sarpalius. Mr. Nothdurft, in your book "Going Global" you expressed the need for targeting opportunities. How

does this report address targeting?

Mr. NOTHDURFT. The report continues the Department of Commerce's, and SBA's attention being focused on small and medium-sized businesses, although the way the Federal Government defines a small business is so inclusive that it is almost meaningless. So, in that regard there is nominal targeting.

The fact of the matter is that when you are operating on the ground the political pressures to answer whomever it is that picks up the phone or walks through the door is so great that it is so difficult for either Federal domestic export assistance providers, or

for that matter State export assistance providers, to say no.

Yet probably the most crucial thing that these providers of assistance to would-be exporters should be able to do is to say no to firms that are not ready. They have a system, as somebody else mentioned at the table, for reaching unready firms, firms that have the potential for exporting but are simply not on a level of skill or service ticketed yet to do that, to give them someplace to go. At present, there are probably too many places to go. As for in-

dustrial targeting or overseas market targeting, the report is silent on both of those and probably for fairly good political reasons. It is probably impossible for the Federal Government to do the kind of sectoral and geographic targeting I referred to in my book. In that particular I am focusing my attention much more on States that do have the capability and, in some cases, are already pursuing that kind of strategy with great success.

Chairman Sarpalius, Mr. Robinson.

Mr. Robinson. I find it interesting in 20 years of watching small businesses and marketing, in most companies of experienced Germans, French or Japanese, business creates the policy of Government for their business activity. I think we have not addressed that issue in the United States of letting business determine where to sets its priorities. Businesses know where they are having their problems. They know what resources they don't have.

When I was in China, the biggest resource the Government could get for us was the 5-year plan. We couldn't make mincemeat out of it. If there is a policy to have the business push the engine of policy, then we have missed the point of assisting businesses.

Mr. Nothburft. One of the most striking differences between the work I have done in the United States and our European competitors, the field of which I have some knowledge, is the almost complete absence of private sector infrastructure for export services in the United States as compared to most of its competitors. People who understand how the private sector works will say there are chambers and trade associations in Germany that provide such assistance, but that is not a fair comparison. Every business in Germany has to be a member of the local chamber. In the U.S. membership is voluntary and, therefore chamber resources are limited.

My point is, don't pay attention to Germany, France or Italy, pay attention to the other nonpublic law status chamber of commerce in nations which nonetheless have a very efficient system of private sector service providers. We simply do not have that kind of system for purely historical reasons. We have never needed it. We had a huge domestic market and therefore did not have to trade, whereas our competitors have been involved in securing market share because their own markets were so small.

The chambers of commerce do not offer those kinds of services because there is no demand for them among the members. There should be now, but they are still behind the curve. There are exceptions, but the vast majority are behind the curve on this.

Chairman Sarpalius. I can't help but wonder that as we watch

the world change, we see the underdeveloped countries of the world become more prosperous while the developed countries of the world are struggling.

There is an opportunity there when we see countries such as Mexico, China, Pacific Rim and some other areas of the world where their economy is beginning to move up. I wonder how aggressive are we in going in there trying to find markets for our small businesses.

I am reminded of the story that probably each one of you know about the gentleman who went into Russian and opened a store selling watches. In China, they couldn't get enough of them. There was a demand there. In China people were finally getting enough money where they could afford to buy a watch. I said that other countries are probably much more aggressive in going in and identifying and looking for markets, such as Canada. They have 112 trade representatives here and we have eight over there.

I was disappointed that this report did not delve into targeting markets and trying to find a more aggressive way of finding those markets and then the problem, once you find them, how do you let

small businesses become aware of them.

Mr. Robinson, in your testimony you talked about a computer

system. Would you elaborate a little?

Mr. Robinson. Yes. I would like to address your first comment first. I am a volunteer coordinator for an AID sponsored program called Entrepreneurs International. For the past 4 years I have introduced small businesses from underdeveloped nations with minority business in the New York metropolitan area. I say there is small business opportunity for small businesses. I am not looking to have small businesses deal with the Siemans of the world more or less their counterparts.

One of my main contentions with that program is that there is no communication tool. I know the U.S. Government spends a tremendous amount of money bringing small businesses here to the United States for training and that is through partners for international education and training. None of those businesses get to meet with their comparable counterparts here in their training activity. They are trained but they don't meet with all their counterparts.

If we are impressing them on America's ability, when we send them back, we give them no communication tools to say, listen, I have a retail business. I want someone to come in and design my computer software system for my retail business. How can I get a American to come in and design a computer system for me? And there is no communication network.

So, to the second part of the question, I think businesses has always been known to take care of itself on a one-to-one. It knows

its needs and where to find those needs.

I think Government's role, if it is to be a wholesaler, is to provide those kind of networks for business to exist in. One of those things is opening up the new opportunity, new technology through bulletin boards or on-line systems to have businesses communicate with each other directly and let Government get out of the way. If Government wants to participate, it can go into that forum also.

I used to be the New York State international trade specialist. One of the things I noticed was that if I came out to speak, no one listened. I have private sector importing and exporting experience. But if I put a business panel in front of businessmen, they would listen attentively to each other. They would say to each other, how did you overcome that obstacle, and they believed the answer they got.

That says to me we have to create more business-to-business communication. The Department of Commerce and every other Government agency I have ever seen, I asked them all, have you ever exported a product. I have yet to meet someone who answered yes

to that.

Chairman Sarpalius. How do you do that?

Mr. Robinson. I am not so sure. I am not the technician. But I know there are things like on-line like Prodigy. The TPCC report says it would negotiate putting Government information on. I am saying, while you are negotiating that information, please look at creating a vendor box or a separate entry into your systems that you are negotiating with that business can use for its own means to communicate, one, with its Government and more importantly with each other.

Mr. Mendelowitz. The European community has a Business Communication Network which was set up specifically to serve as its electronic matchmaker for small businesses interested in finding partners for a whole host of joint business undertakings. These include sales representation, technology licensing, after-market servicing, and a whole menu of other possible options that can be specified by a business looking for a partner.

We recommended to the Commerce Department 4 or 5 years ago that they should explore how to hook up with the EC network so U.S. small business would have more of a direct channel to businesses in the European Community which are looking for business

partners for all sorts of different activities.

Technology has presented a tremendous opportunity for providing the information that is needed to put small- and medium-sized businesses into the international marketplace. They really did not have that before the advent of modern communications technology. The trick is to get it up and running and get folks hooked up to it.

Mr. Stroh. The demand for U.S. products is a given. We don't have to worry about that. The question is: How do we get communications going? Your point is well taken. Business has to communications

nicate with business.

That comes up against a fundamental problem in the Commerce Department in particular. They will not introduce business to business because they feel there are ethical problems there. Until those issues are dealt with, they cannot build a trade infrastructure. That is what you are coming to. We need a trade cultural and a trade infrastructure. Those are social issues, not program issues. They could have 300 other programs in this report, but it does not address the development of a trade culture until the Commerce Department is willing to say to businessman A, you need to meet businessman B, because he can help you. Nothing is going to happen. People do it all the time.

The Secretary of Commerce's advocacy position is very important. I thought it was mooted in the record. You can have three kinds, project advocacy and have it all moved into one agency. You should have foreign advocacy so I as a businessman can walk into the foreign commercial service office anywhere in the world and identify myself as U.S. business and get immediate advocacy type

help, here is the guy to talk to.

I think you should be able to walk into any Commerce Department or whatever other office it is, and say, I want to export, I have widgets and the fellow says, you have eight employees. Tripta, the trade fair in Germany, is far too expensive for you. But Fred down the street and Harry and George go there every year. Why don't you talk to them and ask them to take your product over

there and see if there is marketable. It is that simple. It is not rocket science. It is called people.

Chairman Sarpalius. Mr. Mendelowitz.

Mr. Mendelowitz. Mr. Chairman, I wanted to comment on how the nature of the debate on the Government's role in exporting has changed. This hearing is one of the most positive examples of how

that is changing.

When the Trade Promotion Coordinating Committee was formed some 3 years ago, its activities consisted of what I would call cheerleading for exports. The almost exclusive activity of the Trade Promotion Coordinating Committee was to schedule a series of some 30 conferences around the country where various Government agencies sent representatives to talk about what the Government was going to do for you in exporting.

There was no thought to changing programs. There was no thought to shifting priorities. There was no thought to looking critically at the services provided and trying to rationalize them

and improve them.

With the passage of the Export Enhancement Act of 1992, the roles, responsibilities and functions of the TPCC changed radically. For the first time it was given a legislative mandate which established it as an entity with legal standing. Second, it was given an extremely difficult task to, not just coordinate, but really transform the nature of Government assistance to exporters.

The truth is, there is no magic bullet that will solve the problem of defining the appropriate Government role for exporting. There is no magic bullet that will suddenly transform American businesses

that are not exporting into world class exporters.

The process of changing Government programs and the process of changing the export orientation of the business community is going to be an ongoing and somewhat drawn-out process. What we should be looking for, year after year, is what is being done and how it is done to make continuous improvement.

I am struck by the fact that the issues we have been talking about in this hearing were issues rarely talked about in congressional hearings 3 years ago and not talked about in the context of

TPCC when it was created.

To the extent to which the plan fell short because it has no priorities yet and has no unified budget, it may be subject to criticism. Nevertheless, I am optimistic that it will lead to a desirable outcome. I think the process by which the exports agencies came together and worked on the process should lead to improvement. It should lead to a continuous set of annual improvements in Government export promotion efforts and improvements in U.S. performance, and eventually lead to a fulfillment of the 1992 mandate that will make all of the private sector and congressional branch supporters more pleased with the outcome.

Mr. Nothdurft. Mr. Chairman, I have a loose grab bag of thoughts related to the questions you asked. In thinking about what Mr. Mendelowitz just said, which is absolutely true, I think the problem that troubles me the most about the work that TPCC did or at least the product that emerged from that work, although there is much good to say about it, is that in some respects it did

not step outside of the box of existing programs.

I recall making that very specific recommendation right at the outset at the first meeting and also for the reinventing Government folks in the Vice President's office. Until somebody is willing to step outside of the box to ask more simple questions about who the customers are and what the nature of the problem is and who might best answer those problems, we will tend to be limited to rearranging of existing programs and frozen by the turf issues everyone has talked about here. I hope, in these continuing deliberations, someone would be tasked with the responsibilities of stepping outside of the box and saying, what if we could design something that would meet the needs of our customers. Let's not think about what we have already done, let's step outside of that box.

Second, I seem to be speaking in terms of old English metaphors today: I am thinking now about Ebenezer Scrooge and his business partner Marley. I had this vision of Marley lurching into Ebenezer Scrooge's dreams borne down with weights and chains and a terrif-

ic amount of impediments saying, "Scrooge, save yourself."

I see the Department of Commerce like that, borne down with chains and weights and stripped of the resources to change itself. If it is impossible to bring substantive change in the purpose and resources available to that agency, then perhaps we should create some other agency that would be, in effect, publicly chartered non-profit corporation. I am thinking particularly of the opportunity presented by the trade fair issue. I can think of no better place for a nonprofit, private sector organization whose than in the task to set up trade fairs, identify who the most likely candidates would be for participation in those fairs, and ensuring that firms that participate have been through certain steps so they gain the most benefits. We might consider something not too different from the AUMA in Germany.

I am not suggesting that that is a model we should adopt, but it is something we might think about. I am disappointed that, given that clear opportunity, the report is not clearer about how it

wishes to deal with trade shows.

Let me make one other comment. You asked specifically about targeting a while ago and whether the report should not have targeted specific markets overseas. Despite the text of my book which you were kind enough to mention, I don't think the report should target markets. It has no business doing that. But I think the year-to-year process ought to make some strategic decisions about markets, the markets that are growing and markets that are reducing.

We do not move fast enough in the distribution of those resources, particularly in the case of our Foreign Commercial Service posts. I said it before, I want to say it again: Somebody needs to

feed them. They are starving to death.

Chairman Sarpalius. Let me add, when you talk about stepping out of the box, I cannot think of any better time when the timing was on our side if we are ever going to look at consolidating programs like what it is now in the Vice Presidents's Program for reinventing Government and streamlining Government and the leadership that the President has given in trying to reduce paperwork and bureaucracy and trying to do a better, more efficient job of planning Government.

I want to thank each one of you for taking the time to come here this morning. We will hold more hearings on this. The information that you have given this committee, not only in this hearing, but in hearings past, has been tremendous. I thank each of you for the knowledge and support that you have expressed to us. I think our goals are the same. It is just trying to get there. Your comments on this report today will be extremely beneficial.

Your written testimony will be a part of the record, and we will keep the record open for any other Members who wish to make

statements or add to the record.

[Whereupon, at 12 noon, the subcommittee was adjourned, subject to the call of the Chair.]

APPENDIX

MAJORITY MEMBERS

B.LL SARPALIUS, TEXAS

EVA M CLAITON NORTH CAROLINA PAT DANNER MISSOUR! GLENN POSHARD ILLINOIS TED STRICKLAND OHIO "TRLE" HILLIARD ALABAMA MINDSITY MEMBERS

JOEL HEFLEY COLORADO JIM RAMSTAD MINNESOTA ODNALO A MANZULLO ILLINOIS MICHAEL A "MAC" COLLINS GEORGIA

103d Congress

United States House of Representatives Committee on Small Business

Subcommittee on
Rural Enterprises, Exports, and the Environment

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Washington, DC 20515

202-225-444

October 26, 1993

Opening Statement for the Honorable Bill Sarpalius

In last week's <u>Journal of Commerce</u>, one of the headlines read: "Japan Lambastes U.S. On Competitiveness." In this article, Japan states that the United States has not done nearly enough in export promotion. In fact, the Japanese made recommendations on how the U.S. can increase it's competitiveness.

I guess the Japanese have not found out about the Trade Promotion Coordinating Committee's report that was presented to Congress late in September.

Since the first of the year, this Subcommittee has held three hearings on trade. Our main focus has been the 19 federal agencies with over 150 programs and how this affects the competitiveness of our businesses. As you all are aware, this maze of federal "assistance" has not been very helpful to exporters.

Today's hearing will look beyond the glossy cover of the TPCC document and investigate the realities of the report. Some of the changes recommended are steps in the right direction. I am glad to see the consolidation of feasibility studies into one agency. In addition, the coordination of trade missions and targeting serious exporters for these missions is a positive step. I have heard more than once, examples where a state organization was never informed about a federal trade mission, and vice versa. For once, we will have an efficient process to track and schedule trade missions.

But I do have my reservations about the report. I am disappointed that the TPCC was unable to consolidate more than one program. Before the report we had 150 programs, today we have 149. I think we could of done better. With over \$2.7 billion dollars going into all of the trade development programs, I would think this would of been a top priority.

Page 2 Honorable Bill Sarpalius - Opening Statement

In addition, I am concerned that all of the goals mandated by law were not met. I realize 'Rome was not built in a day' but is the competitiveness of our country to suffer until this group can satisfy their mandate? It took the TPCC six months to make the easy decisions, how long will it take to make the serious changes?

It is important that the TPCC have an effective strategic plan to take on the federal bureaucracy. Today's witnesses will comment on this point. I am serious about pursuing the TPCC to do something about the overwhelming number of federal agencies involved in trade and the duplication they create.

As we continue to look into the problem, the Japanese so boldly brought to our attention, we have to make sure that actions are done for the right reasons; not for keeping programs that have vague purposes or spend the taxpayers money wrongly, but for making sure our country regains it's position on the global ladder.

STATEMENT BY U.S. REPRESENTATIVE JIM RAMSTAD BEFORE THE EXPORT SUBCOMMITTEE OF THE SMALL BUSINESS COMMITTEE October 26, 1993

THE TRADE PROMOTION COORDINATING COMMITTEE

Mr. Chairman, thank you for holding this hearing this morning.

As you know, exports have been one of the few bright spots in our economy in recent years. I appreciate your calling this hearing to discuss how we can maintain strength in this area.

While I certainly share the concern of many about our continuing economic stagnation, I believe it would be a tremendous mistake for the United States to adopt protectionist trade policies, which would only increase costs for American consumers and harm the economy.

Currently, U.S. consumers pay \$65 billion annually in higher prices because of U.S. trade barriers. Raising tariffs on imports would further increase costs to consumers, which would be harmful to the economy.

Besides guaranteeing greater consumer choice, free and open trade, not protectionism, is America's best jobs creation program and will lead to greater prosperity for both the U.S. and our trading partners. Over the past 40 years, jobs related to trade grew three times faster than overall growth. And as we all know, every \$1 billion in exports generates 22,000 jobs for American workers.

We must concentrate on ways to improve our trade relationships in a competitive framework through initiatives like the General Agreement on Tariffs and Trade (GATT) and the North American Free Trade Agreement (NAFTA). These negotiations are designed to lower trade barriers, open markets that have been previously closed and allow a freer flow of goods and services around the world.

I also appreciate the Trade Promotion Coordinating Committee's report on exports. I certainly agree we must continue to promote exports of U.S. goods. But I certainly hope that in promoting our own exports we do not adopt a strategy that amounts to protection of our own companies.

Thanks again for holding this hearing Mr. Chairman. I look forward to this morning's discussion.

GAO

United States General Accounting Office

Testimony

Before the Subcommittee on Rural Enterprises, Exports, and the Environment, Committee on Small Business, House of Representatives

For Release on Delivery Expected at 10:00 a.m. EDT Tuesday October 26, 1993

EXPORT PROMOTION

Governmentwide Plan Contributes to Improvements

Statement of Allan I. Mendelowitz, Managing Director International Trade, Finance, and Competitiveness General Government Division



EXPORT PROMOTION: GOVERNMENTWIDE PLAN CONTRIBUTES TO IMPROVEMENTS

SUMMARY OF STATEMENT BY ALLAN I. MENDELOWITZ, MANAGING DIRECTOR INTERNATIONAL TRADE, FINANCE, AND COMPETITIVENESS GENERAL GOVERNMENT DIVISION

The Trade Promotion Coordinating Committee's (TPCC) September 29, 1993, report on its effort to develop a governmentwide strategic plan for federal export promotion programs was mandated by the Export Enhancement Act of 1992. The act requires the plan, among other things, to establish priorities for federal export promotion, include a strategy for bringing federal export promotion activities into line with the new priorities and for improving their coordination, and propose a unified budget for federal export promotion programs. This was a formidable task.

The TPCC's plan, "Toward a National Export Strategy," is—as its title suggests—a status report on progress to date. The plan includes specific actions to improve the existing export promotion system in areas where TPCC was able to reach consensus. However, TPCC was unable to reach consensus by the September 30, 1993, statutory reporting date on the difficult issues of setting priorities and creating a unified budget for federal export promotion programs. Nevertheless, the plan does make a firm commitment to establish governmentwide priorities and a unified budget within the context of the fiscal year 1995 budget.

The TPCC plan contains numerous proposals for change. Some of these proposals are incremental but, in combination, may significantly contribute to improving the existing export promotion system. Other more far-reaching changes begin the process of integrating federal export promotion programs and functions, and thus may substantially enhance the delivery of export promotion services. Several initiatives are of particular importance to small- and medium-sized businesses, notably a proposal to establish a network of "one-stop shop" field offices for delivering federal export promotion services. The plan also includes proposals to substantially relax controls on exports of computer and telecommunication equipment, and create a fund to help finance major capital projects overseas that is intended to combat other countries' tied aid practices.

To be successful, the TPCC effort, from here on, will require continued, sustained, high-level administration involvement and support. The administration should use a well-reasoned analytical methodology for establishing federal export promotion priorities, and, upon developing them, assess the usefulness of all federal export promotion activities in light of those priorities. The unified budget should reflect the newly established federal export promotion priorities and facilitate the process of reallocating funds within and among agencies.

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to testify before this Subcommittee on the report on the federal strategic plan to promote exports issued last month by the interagency Trade Promotion Coordinating Committee (TPCC). Today I will present our initial assessment of the TPCC's strategic plan, "Toward a National Export Strategy," which we believe represents a substantial effort to address the requirements of the act. Our assessment is based on criteria we developed using the requirements laid out by the Export Enhancement Act of 1992, which required TPCC to develop the plan. We first stated these criteria in testimony before this Subcommittee on July 26, 1993.

THE IMPORTANCE OF EXPORT PROMOTION PROGRAMS

Successful export performance contributes to increasing U.S. living standards. A range of government export promotion programs are designed to help U.S. companies export more. Federal export promotion programs involve offering business counseling, training, and help with finding overseas representation, as well as providing market research information, trade fair opportunities, and export financing assistance. Alone, these programs cannot produce a substantial change in the U.S. trade balance, which is largely determined by the underlying competitiveness of U.S. industry and

See Export Promotion Strategic Plan: Will It Be A Vehicle for Change? (GAO/T-GGD-93-43, July 26, 1993).

by the macroeconomic policies of the United States and its trading partners. However, export promotion programs can help U.S. firms increase exports of competitive U.S. products.

THE FEDERAL EXPORT PROMOTION SYSTEM IS FRAGMENTED AND INEFFICIENT

During 1991-92, our reviews of federal export promotion programs reported on an effort that is fragmented among 10 agencies; lacks any governmentwide strategy or priorities; and suffers from inefficiency, overlap, and duplication.² The lack of a governmentwide strategy for promoting exports resulted in what appeared to be funding anomalies for different agencies' programs. For example, in fiscal year 1991, although agricultural products accounted for only about 10 percent of U.S. exports, the U.S. Department of Agriculture received about 75 percent of the federal export promotion budget. Moreover, of the 10 federal agencies that have export promotion programs, 3 maintain separate networks of field offices to deliver their export promotion assistance. This fragmentation makes it difficult for the government to provide export promotion services that many businesses—especially small-and medium—sized businesses—say they need.

²See Export Promotion: Governmentwide Strategy Needed for Federal Programs (GAO/T-GGD-93-7, Mar. 15, 1993); Export Promotion: Problems in the Small Business Administration's Programs (GAO/GGD-92-77, Sept. 2, 1992); Export Promotion: Federal Approach Is Fragmented (GAO/GGD-T-93-68, Aug. 10, 1992); and Export Promotion: Federal Programs Lack Organizational and Funding Cohesiveness (GAO/NSIAD-92-49, Jan. 10, 1992).

THE EXPORT ENHANCEMENT ACT OF 1992

The Export Enhancement Act of 1992 required TPCC to issue by September 30, 1993, and annually thereafter, a report containing "a governmentwide strategic plan for Federal trade promotion efforts" and describing its implementation. The act aimed to establish a process, including an annual reporting requirement, through which the administration, working with Congress, could establish priorities for export promotion activities, reshape their programs to reflect those priorities, and marshall federal resources to fund programs that yield the greatest return to the taxpayer.

The legislation was specific as to the content of the strategic plan. It required the plan to establish priorities for federal export promotion and explain the rationale for these priorities. The act also required the plan to include a strategy for bringing federal export promotion activities into line with the new priorities and for improving their coordination. In addition, the plan was to propose a means for eliminating overlap among federal export promotion activities and increasing cooperation between state and federal export promotion efforts. Lastly, the act required TPCC to include in the strategic plan a proposal to the President for an annual unified budget for federal export promotion activities. This budget was to (1) reflect the new priorities and improved interagency coordination and (2) eliminate funding for areas of overlap and duplication among federal agencies.

OBSTACLES TO DEVELOPING A STRATEGIC PLAN

Any assessment of progress made thus far in creating a governmentwide plan for export promotion must be considered against the formidable nature of the task. Developing a successful governmentwide plan required that a committee comprised of officials from different federal agencies, each with different missions and constituencies, work together to determine a common set of priorities for export promotion. Essentially, TPCC was asked to address the most contentious and difficult of interagency issues: the possible reallocation of agency staff and funding resources, the shifting of programmatic responsibilities among different agencies, and the potential redistribution of the benefits of the federal export promotion efforts among different constituencies.

Moreover, TPCC faced a further complicating factor. Genuine progress in restructuring the federal export promotion apparatus required the participation and concurrence of agency officials at the highest levels. While the Secretary of Commerce and the Chairman of the U.S. Export-Import Bank (Eximbank) were actively involved, TPCC developed its report during a presidential transition, and many other officials whose input was required were not appointed until late in the process. The absence of presidential appointees in these key positions made the task much more difficult.

ASSESSMENT OF THE STRATEGIC PLAN

In our July 26, 1993, testimony before this subcommittee, we listed criteria that Congress could use to evaluate the TPCC's strategic plan and actions taken to fulfill the requirements of the Export Enhancement Act of 1992. These criteria included whether the plan (1) was developed with high-level involvement, (2) proposes priorities that have a well-reasoned and strong analytical grounding, (3) was developed in a collaborative and cooperative way by all the federal agencies that are involved in assisting exporters, (4) thoroughly covers federal export promotion efforts and issues, and (5) serves as a change agent.

In our view, the TPCC plan--as its title suggests--is a status report on progress to date. The plan was developed with high-level involvement and in a collaborative and cooperative way among federal export promotion agencies. The plan also broadly covers the federal government's export promotion programs and issues, and sets into motion a number of important changes. We note, however, that the plan does not establish governmentwide export promotion priorities or propose a unified export promotion budget, although the administration commits in the plan to address both these requirements in the context of the fiscal year 1995 budget. It is clear from the plan that TPCC leadership, in an effort to assure that some substantive progress was made, addressed matters on which

interagency consensus could be reached by September 29, 1993. On the other hand, it deferred action on more contentious issues.

Basically, the strategic plan undertakes or commits to undertake four types of initiatives. First, the plan commits the administration to making numerous incremental improvements. In combination, these changes may significantly contribute to improving federal export promotion efforts. Among these improvements are centralizing management of federally sponsored trade events; enhancing cooperation with state government export promotion efforts; and, overseas, adopting a single, comprehensive commercial strategic plan for each country in which multiple federal agencies promote U.S. exports.

Second, the administration pledges to make several more farreaching changes that will, most likely, take some months to
implement. In our view, these changes may substantially improve
the delivery of export promotion services because they begin the
process of integrating federal export promotion programs and
functions. For example, as we proposed in October 1992,³ the
strategic plan commits federal export promotion agencies to
establish "one-stop shop" export promotion centers for providing
services to U.S. businesses. In an effort to determine the best
ways to create these centers, the plan provides for the
establishment and subsequent evaluation of different types of one-

³ See One-Stop Shops (GAO/GGD-93-1R, Oct. 5, 1992).

stop shops. Also, responsibility for most federal feasibility study grants for major capital projects will be consolidated in the Trade and Development Agency.

Third, the strategic plan announced several major export control actions, to be taken without delay, to help U.S. exporters. The most striking of these changes, made "with the stroke of a pen," is a dramatic relaxing of controls on computer exports. The TPCC report announced an immediate increase in the control threshold for computer exports to most destinations from 12.5 MTOPs (millions of theoretical operations per second, a measure of processing speed) to 194 MTOPs—a sixteenfold increase. The report also states that the administration will propose to our allies (1) raising this threshold to 500 MTOPs and (2) increasing the definition of a "supercomputer" from 195 MTOPS to 2,000 MTOPs—a tenfold rise. The strategic plan also announced the administration's intention to remove controls on most exports of telecommunications equipment.

Many believe these changes were long overdue because advances in computer technology had rendered existing controls on computer exports obsolete. For example, written government permission in advance was required to export to most countries computer workstations that are commonly available in retail stores. Raising control thresholds to 194 MTOPs and then to 500 MTOPs in effect decontrols the export of workstations to most destinations. The TPCC report estimates that the administration's changes to export

controls for computers and telecommunications equipment will eliminate or significantly reduce regulations on an estimated \$35-billion worth of high-technology U.S. exports.

Finally, the plan commits the administration to completing the more difficult requirements of establishing priorities for federal export promotion activities and developing a unified budget that, in the plan's words, will "allocate resources by agency, activity, and geographic focus." The plan makes a firm commitment to complete these tasks within the context of the fiscal year 1995 budget--only about 4 months from now. The plan states that a National Economic Council (NEC) interagency group, chaired by the Commerce Department, will establish the export promotion priorities. And a TPCC working group will help the Office of Management and Budget to translate these priorities into a unified budget.

As part of the priority- and budget-setting process, the administration proposes to fund a \$150-million Capital Projects Aid Fund to finance major capital projects overseas. The stated objective of this fund is to combat other countries' use of tied aid (foreign assistance that is linked to the purchase of exports from the country extending the assistance). This funding appears to be a major policy decision on the part of the administration to devote significant export promotion resources to the goal of eliminating tied aid by our competitors. However, it is unclear

precisely where most of the money will come from. According to the Commerce Department, \$50 million will come from Eximbank's "war chest," a fund already devoted to combatting tied aid, and the remaining \$100 million will come from "proportional contributions" from the export promotion budgets of other TPCC agencies.

STRATEGIC PLAN'S IMPACT ON SMALL BUSINESSES

While various actions proposed in the strategic plan are important for firms of different sizes, several of the plan's initiatives are of particular importance to small- and medium-sized companies. For example, in our October 1992 report to this Subcommittee, we discussed the fragmentation of the delivery network for federal export promotion services. The plan's proposed "one-stop shops" are expected to integrate and make more accessible a range of export services aimed at small- to medium-sized export-ready firms. And a pilot program to establish a network of Trade Assistance Centers will be geared more to helping smaller firms with little or no export experience. Under this program, federal matching grants will be given to private sector organizations to provide technical export services to small companies, focusing on "how to" export counseling and training.

In a September 1992 report, we said that the Small Business Administration (SBA) had made little use of its Export Revolving Line of Credit (ERLC) export financing program. The strategic plan establishes a 1-year period to resolve problems with the ERLC program, during which the plan pledges that this program will be harmonized with a similar program managed by the Eximbank. If SBA cannot fix the ERLC program within the 1-year period, the plan further proposes to consolidate in the Eximbank all export finance assistance for working capital purposes. We believe that consolidating the two programs (should an evaluation show SBA unable to effectively manage its program) could not only improve small businesses' access to export financing but also establish a precedent for reallocating resources across agencies based on agencies' comparative advantages.

TPCC'S REMAINING RESPONSIBILITIES

We believe that the acid test of the value of the TPCC process will be the results of the administration's efforts to set federal export promotion priorities and create a unified budget. As we stated at your July 26, 1993, hearing, the true value of the TPCC's

⁴See <u>Export Promotion: Problems in the Small Business</u>
<u>Administration's Programs</u> (GAO/GGD-92-77, Sept. 2, 1992).

⁵Through this program, SBA guarantees repayment of loans made by financial institutions to small businesses for export-related purposes. These purposes include financing working capital needed to manufacture products for export, to purchase goods or services for export, to develop foreign markets, or to finance foreign accounts receivables.

strategic plan lies not in its content but in the plan's tangible results; that is, whether this plan, as it evolves, leads to the transformation of the haphazardly organized and fragmented federal export promotion effort. As the administration continues to develop its export promotion strategy to meet the requirements of the 1992 Export Enhancement Act, we believe that the criteria we proposed in your July 26, 1993, hearing should be useful in the oversight process.

High-Level Leadership

To be successful, the TPCC effort, from here on, will require continued, sustained, high-level administration involvement and support. In particular, it is essential that the leadership of the five core agencies involved in export promotion—the Departments of Agriculture and Commerce, Eximbank, the Agency for International Development, and SBA—actively support the development of the new priorities and budget. Together, these agencies represent well over 90 percent of federal outlays on export promotion and fund virtually all federal field operations performing export promotion activities. High-level involvement will be especially important in the coming months as the administration faces the highly charged issues surrounding establishing governmentwide export promotion priorities and reallocating budget resources. The TPCC's plan to have NEC lead the effort to develop priorities should ensure that high-level involvement—including the White House—continues.

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Well-Reasoned Priorities

The NEC interagency group should use a well-reasoned analytical methodology for establishing federal export promotion priorities. These priorities should form the foundation for the strategic plan and, accordingly, for the entire effort to reshape federal export promotion activities. As we testified before this Subcommittee on July 26, 1993, only sound priorities can form a firm basis for establishing a new budget and ensuring the highest return on the export promotion dollar for the U.S. taxpayer. The bases for change that the plan proposes must be sufficiently convincing to elicit support from all the agencies involved and the congressional committees that may be asked to change enabling legislation and alter appropriations.

A rigorous methodology should carefully define federal "export promotion" activities. It should identify the best industries and market candidates for export promotion assistance. In so doing, the federal government would not be "picking winners and losers," but prudently setting priorities in order to ensure the best use of export promotion funds. A rigorous methodology should then (1) use customer views of their requirements to identify the types of assistance that firms in these industries need, but cannot obtain from nonfederal sources; and (2) ascertain which of these unmet needs are appropriate for federal agencies to provide and would yield the greatest return to taxpayers.

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Finally, upon developing these priorities, TPCC should assess the usefulness of all federal export promotion activities in light of those priorities. This assessment should (1) clarify the roles and responsibilities of the various agencies that promote U.S. exports and (2) carefully inventory and assess each federal export promotion activity to determine its comparative advantage in delivering needed export services to U.S. businesses identified as the best candidates for export promotion assistance. This assessment should be exhaustive and, where appropriate, result in the integration or elimination of federal programs.

A Comprehensive Unified Budget

A unified export promotion budget is central to translating the strategic plan's priorities into concrete government actions. The unified budget should include all federal export promotion programs, reflect the newly established federal export promotion priorities, and facilitate the process of reallocating funds within and among agencies. The current range of programs and allocation of government resources grew without any overarching strategy or set of objectives. Therefore, a new resource allocation that reflects a deliberate, analytically-based effort to make the most effective use of available public resources should reallocate resources among the various federal export promotion priorities, programs, and agencies.

The new resource allocation process should ensure that (1) federal export promotion activities of great value to the business community receive continued or, if appropriate, expanded funding; (2) activities that no longer serve a purpose or duplicate other more effective activities are pared back or eliminated; and (3) activities that complement each other are better coordinated. The budget proposals should also reflect each agency's comparative advantage in delivering priority export services to the business community, and the more streamlined and better-coordinated program offerings that result from the process of reshaping federal export promotion activities.

PROGRAM EVALUATION

Because the plan deals with change, even with the best of intentions administration officials cannot be sure that they will get what they want. Consequently, we are encouraged by the strategic plan's commitment to adhering to a more systematic use of performance measures to evaluate the utility of export promotion programs. We caution, however, that great care should be taken in establishing what methods are to be used to assess performance. If the wrong measures of success are used, TPCC cannot make good decisions about what to change. This is a problem that I have referred to in the past as "managing to the imperfect indicator."

Evaluation of export promotion programs is very difficult. There is always the temptation to focus on what can be easily measured, or to justify programs in terms of alleged exports generated and jobs created. It is very difficult methodologically to establish a one-to-one relationship between export promotion programs and specific exports. In this regard, one measure that should be used to assess the success of each program is scientifically valid surveys that accurately reflect client or customer satisfaction with the usefulness of the services provided.

CONCLUSION

The Export Enhancement Act of 1992 established a process interded to improve the effectiveness and efficiency of federal efforts to promote trade. The first report on this effort identifies some potentially significant changes that have resulted from TPCC deliberations to date. In addition, the report clearly commits the administration to completing the difficult tasks of setting governmentwide priorities and creating a unified budget for federal export promotion activities within the context of the fiscal year 1995 budget. If this continuing effort is successful, and TPCC can fulfill all the commitments it makes in the September 29, 1993, report, TPCC will make a significant contribution to improving the federal government's efforts to promote exports.

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Mr. Chairman, this concludes my prepared statement. I will be happy to try to answer any questions you or other Members of the Subcommittee may have.

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Comments on the Trade Promotion Coordinating Committee's 1993 National Export Strategy

Statement of

William E. Nothdurft

Author of

Going Global: How Europe Helps Small Firms Export Published by The Brookings Institution

Before the House Committee on Small Business Subcommittee on Rural Enterprises, Exports, and the Environment

October 26, 1993

House Committee on Small Business Subcommittee on Rural Enterprises, Exports, and the Environment October 26, 1993

Comments on the Trade Promotion Coordinating Committee's 1993 National Export Strategy

Statement of William E. Nothdurft

Mr. Chairman, members of the Committee, the Export
Enhancement Act of 1992 created an interagency Trade Promotion
Coordinating Committee (TPCC) and required the Committee to
produce a report, by September 30, 1993, that--simplifying
somewhat--was to do five things:

- 1. establish priorities for federal export promotion activities;
- 2. develop a plan reflecting those priorities;
- 3. present a unified federal budget to carry out the plan;
- 4. propose ways to eliminate overlap and duplication in federal export promotion programs; and
- 5. develop cooperation between federal, state, and private export promotion efforts.

It should be noted for the record that a number of devoted public servants in several federal agencies worked very hard on these tasks, amid the chaos of a change in Administrations, against a brutally tight deadline, and against very difficult political and bureaucratic odds, to produce recommendations that will improve federal export promotion. What is more, they brought it in on schedule, which may be a record in itself.

It also should be noted that the TPCC had some very substantial opportunities as they addressed their task. They had a direct and clear order from Congress. They had a new Administration and the one-time chance to blame (accurately or not) what ails the system on 12 years of management by presidents from another political party. They had friendly and sophisticated assistance from states and many private sector organizations which were not only willing to help but to provide the Committee with support in Congress for bold action. They had several years of detailed GAO reports on the problems in the existing system. They had a federal budget crisis that provides additional impetus for change. And they had an emerging public and private sector consensus on the imperatives of globalization.

Given their charge and these opportunities, the question before us today is: Did the TPCC do its job?

The answers are mixed. It would appear that the TPCC has made real progress with export controls, export finance, major project advocacy, and improving the overseas trade services of the U.S. and Foreign Commercial Service. But I am not an expert in either export controls or export finance and I defer to other witnesses this morning more familiar with these issues than I.

My experience in export policy has principally to do with export promotion programs—the focus of one of the three subcommittees of the TPCC, to which I served as an occasional and informal advisor—and it is this subject to which I direct my comments this morning.

I will address my comments to whether the TPCC fulfilled the five tasks Congress placed before it, but first let me make one critical opening comment. In one of Arthur Conan Doyle's Sherlock Holmes stories, Holmes says to the faithful Watson, "It is clear that this case rests upon the problem of the dog barking in the night." Watson thinks for a moment and then says, "But Holmes, the dog did not bark in the night!" To which Holmes replies, "Precisely."

Mr. Chairman, in roughly 100 pages of dense, single-spaced, typeset text, the U.S. Department of Agriculture gets mentioned substantively just once, in one paragraph which says, roughly, that USDA will continue to do pretty much what it has always done, thank you very much and thank you for your interest. That's it. Any other mentions of USDA simply serve to stipulate those several instances in which USDA shall be excepted from provisions of the report applicable to all other agencies. There is also a brief mention in an appendix, but it is essentially procedural. It is just as important to examine what this report does not say as to examine what it does, and what it does not say is anything of substance about the agency that controls 75 to 80 percent of all the federal dollars spent on export promotion -- the same agency whose export subsidy programs has been exposed by the New York Times as riddled with fraud. Mr. Chairman, when the player with three-quarters of the marbles leaves the game, the game is over. Going up against the U.S. Department of Agriculture and its intricately interlocked system of special

interest supporters is a formidable task, but not an impossible one. The TPCC was asked to address 100 percent of the federal government's export promotion programs, not 20 percent. In this, and in some other respects, the National Export Strategy is a triumph of timidity. Mr. Chairman, when it comes to managing its export promotion programs, from grain export subsidies to the egregious Market Promotion Program, USDA may not "bark in the night," but it is a dog nonetheless. It need not be. It could be a powerful and effective tool to increase the global competitiveness of one segment—albeit a small one—of American industry. But unless and until it is dragged out into the clear light of public scrutiny and reformed, it will continue to be an unconscionable waste of desperately limited public resources.

That having been said, let us look at how the TPCC proposes to restructure the spending of the chickenfeed left behind.

1. Priorities

The National Export Strategy identifies a number of relatively clearly-stated goals, but few priorities. Setting priorities means making choices, and to make choices you need a firm analytic foundation. The National Export Strategy presents no such foundation. It is entirely silent on the matter of how little we spend on export promotion compared to our international competitors. It is entirely silent on how desperately needy our Foreign Commercial Services posts are and how outclassed they are in critical markets by our competitors. It describes many of the

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export promotion programs of our competitors, but never compares them to our own. In the absence of a frank discussion of the nature of the problem, the recommendations presented are, quite simply, groundless. And this despite the fact that the new Exporter Data Base created by the Census Bureau was available to the committee; despite the availability of several new, fairly definitive comparative analyses of our export competitors; and despite the fact that several leading players, from the U.S. Chamber of Commerce and the National Association of Manufacturers at one extreme to National Small Business United at the other, as well as a number of states, had provided detailed analyses of our export promotion programs to help the TPCC make the hard choices it was asked to make. Without an analytic foundation, the report cannot identify priorities, as required by the act, and indeed it does not.

2. The Plan

With no analytic base and little or no priority setting, the report presents rather a slim and in some respects wrong-headed plan. This is not because the staff working on the report did not develop courageous and imaginative elements of a plan, it is because most of those elements were watered down or eliminated in the final weeks before publication. After struggling for months to change the status quo of domestic export assistance, the committee staff awakened to find the status quo resplendent in new clothes but little altered beneath the surface.

Let me mention one example. The National Export Strategy proposes the creation of four pilot "one-stop-shops" in which domestic federal export assistance agencies would be co-located. A good idea, as far as it goes, though it does not go far enough. There is, in fact, almost no justification (and the report gives none) for having export assistance services delivered on the ground by federal agencies in the first place when their state government trade office counterparts do exactly the same thing and are closer to the client. The TPCC should have made onestop-shops the first step in a gradual devolution of federal domestic export services to beefed-up state trade offices-placing the federal agencies in the far more efficient and sensible position of "wholesaling" services only the federal government can provide (like trade lead data and overseas market research) to state and private "retailers." But it does not do so, despite extensive exploration of this opportunity during the months preceding publication. In addition to the one-stop shops, the TPCC recommends the establishment, in the same cities, of four private sector, fee-for-service based "Trade Assistance Centers, or TACs -- the remnants of another good idea explored by the committee, but changed so as to render it almost inoperable. First, there is no defensible reason for TACs to be exclusively private. Indeed, requiring that they be undercuts one of the central objectives of the act, which was to rationalize the system of public and private export assistance providers. The TACs should be allowed to be private, public, or a joint venture

of the two--whichever makes the most sense in the locale where they are established.

Second, and much more important, the actual operation of the one-stop-shops and TACs is being designed in such a manner that the TACs cannot help but fail, leaving the federal programs largely unaffected. Under the implementation plans currently being developed, the federal one-stop-shops are to serve "exportready" firms, at least in part because that is what the federal agencies claim to be doing already. The private TACs--which you will recall are to charge fees for their services -- are to serve firms that are not "export-ready." Mr. Chairman, the one thing we know about inexperienced small and medium sized firms is that they are afraid of exporting and unwilling to spend money to get their feet wet. In short, the distribution of responsibilities between the one-stop-shops and the TACs is precisely backwards. The one-stop-shops, supported with public funds, should be helping export-willing but not yet ready firms prepare for exporting. The fee-charging TACs should provide assistance to firms that "graduate" from the one-stop-shop system in the nuts and bolts of doing export deals--deals that represent profit opportunities for which firms will be willing to pay. The fact that this proposed system is backwards is yet another example of (1) what happens when you throw together recommendations without analyzing the actual problem at hand, and (2) the remarkable ability of federal agencies to appear to be changing when, in fact, they are not. Federal domestic export assistance programs

do not need a new address, they need move out of the neighborhood altogether.

3. A Unified Budget

Having hammered the TPCC thus far, let's give them a break on this one. Given a change in Administrations and the schedule they were on, expecting the TPCC to produce a unified budget by September 30th is expecting to much. But it should be the central task of its continuing deliberations. Unfortunately this brings us back to the question of analytic foundation. At present, there is no basis in the report on which to make budget decisions. A thorough analysis of the numbers—who exports, where, how much, and what help they need to do better—is essential.

4. Eliminating Overlap and Duplication

The National Export Strategy talks a lot about "coordinating," "streamlining," "establishing a process," and "encouraging," but there is not to my recollection a single recommendation to eliminate anything outright. A careful reading of the report will reveal a relentless unwillingness to make hard choices, a stubborn resistance to change in anything except in name, an absolute refusal to take seriously the instruction of the Congress that the TPCC clean up the government's export promotion act. Agency staff will tell you it takes time to bring about significant change. The explanation is wrong on two

counts. First, a new Administration has, at best, only a year or two in which to propose and implement change in the system, as both Presidents Carter and Bush can attest. Second, and more compelling, the TPCC's caution is a significant strategic blunder. Had Commerce, SBA, and ExIm Bank in particular proposed eliminating something—anything—they could have held it up like a mirror to USDA and demanded similar action. They did not. And now they cannot. USDA has the perfect excuse for doing nothing.

5. Federal-State Cooperation

Having excluded states from participation in Trade
Assistance Centers, and having ignored the opportunity of making
states, rather than branch offices of federal agencies, the
deliverers of currently-federal and often duplicative services,
the TPCC report is reduced to a lengthy paean to federal-state
cooperation and promises to "create or expand formal lines of
communication" and "increase cooperative agreements." All of
this is fine. It has potential. But much is left unsaid--much
that could have been said this time around and not relegated to
some time is the future.

In closing, let me repeat a few things. My comments are limited to the export promotion portion of the report. Many talented people in the federal government worked long and hard on this project. Many of their best and boldest ideas--ideas that responded directly to the charge Congress gave them--were

eliminated in the final weeks by agency and Congressional committee staffs unwilling to take seriously requirements of the 1992 Act. You do not have a plan before you. A significant opportunity has been lost.

Does it matter? It does if we want to keep the United States from becoming a second rate player in a global economy. In other areas, the Clinton Administration is working hard to strengthen American competitiveness. It is developing programs to ensure a highly skilled workforce for the future. It is working on helping American manufacturers modernize to compete at the level of its best competitors. But if we have no Market Plan for our economic strategy—and a market plan is what this report should have been—we may well find ourselves "all dressed up with nowhere to go" and outmaneuvered in the battle for global market share. At least with respect to export promotion programs, the TPCC's report to Congress, for all its heft, does almost nothing to change the way this nation approaches the task of improving its performance as a trading nation. It's too bad. It could have been a contender.

Thank you very much.

TESTIMONY Peter J. Robinson, Jr. Chairman, Assist International October 26, 1993

Mr. Chairman:

Thank you and the honorable members of this subcommittee for the opportunity to testify today on the strengths and weaknesses of the Trade Promotion Coordinating Committee (TPCC) Strategy and its impact on the U.S. export community. Today, I will speak as a small business entrepreneur, wearing many hats, who is committed to providing individuals and firms with the tools and resources necessary to get them involved in international trade.

International trade has been my occupation and preoccupation since the early seventies. I have over twenty years of import/export experience in both the public and private sectors. Presently. I am the chairman of my own trade promotion and consulting firm in New York City. I act as the Executive Director of the National Association of Export Companies (NEXCO), sit on the boards of the World Trade Club of New York and the National Association of Small Business International Trade Educators, am a co-founder of MINT - Minority International Network for Trade and a member of the New York District Export Council.

The report delivered to Congress on September 30th entitled "Towards a National Export Strategy", in my opinion is comparable to the Declaration of Independence. Not since the Marshall Plan, have legislators, bureaucrats, state and local officials, exporters, manufacturers, chambers, world trade organizations and entrepreneurs have been given a roadmap for the government's efforts to expand the U.S. role in global markets. No longer will Americans have to sit and figure out government's role or what direction it is or is not taking. This action is nothing short of a miracle, and the Congress and the nineteen agencies involved are to be commended for finally coming to terms with combining business' interest with national policy.

The strengths of this document are very simple and include:

- The fact that the nineteen agencies involved with trade activity are focusing on a unified policy means that government actions can be maximized through coordinated efforts with minimal duplication of services.
- The report recognizes that the private sector can provide immeasurable resources to the U.S. exporter, and the government will now be reaching out and including the private sector in its process and programs.
- The strategy includes the collection of data from other countries and their trade promotion policies, so that the government can compare, evaluate and measure how it stands in assisting U.S. businesses to be competitive in global markets.
- A new formula for the allocation or reallocation of limited resources will be devised and the engines that drive exports manufactured goods and services will hopefully see resources allocated according to their performance in the U.S. economy.
- That a common sense approach has finally been announced in regards to country specific information which would give U.S. companies and researchers all the information available from the U.S. government in one report.
- This report gives the people "on the ground" in overseas markets a broader and more definitive say in activities for that country and particular market A long overdue recognition of their expertise and knowledge. Instead of just reporting back information they become an integral player in the commercial strategic plan of that country.
- That American business opportunities within Multilateral Development Banks will finally be coordinated in one central area so that businesses can take advantage of the growing projects being financed in Eastern Europe, Africa, Newly Independent States and other developing areas.
- That government has publicly announced its intention to reduce greatly its role in hindering business activity through removing obstacles created by export controls.

In my twenty years in this business, I have never seen such a commitment from government. It is truly a pleasure to have directives on which you can "hold their feet to the fire", not as an opponent but as a partner in advocacy. Now, individuals and organizations throughout

this country can employ their wealth of talent, skills, resources and programs in support of the national policy. Our overseas competitors now know that the U.S. government can be counted on to assist its businesses in foreign markets. This is a declaration being heard around the world - Bravo!

I understand from Secretary Brown and his staff that we are still in the evolutionary process with this strategy. That is good news to us in the private sector, especially those of us who have sat for years in the trenches as District Export Council members awaiting directives which we could support in our local communities. We now have a role to play in formulating not only policy but also programs.

However, the report does have its shortcomings. Let it be clear that the TPCC has been legislated by Congress to "clean up" government's act. That action doesn't necessarily translate into what is good for business or for America's competitiveness. The agencies involved have only proposed their intentions. Implementation, the commitment to that implementation, and the input of the private sector is key to the success of this strategy.

Today, we have an opportunity to redirect the efforts of the agencies involved to "put more meat on the bone" of this national strategy. The national strategy, as presented to Congress, addresses some of the rational and long overdue actions necessary for government to deliver services to the business community. However, the document still lacks the foresight to understand the changes that are occurring in international trade and how to position the U.S. to continue to be competitive in the next century. In the last ten years, I have seen many changes in the exporting industry. The international business community has seen a proliferation of service providers and organizations involved that didn't exist ten years ago. Market opportunities are being created overnight, and regional trading blocs challenge our present structures for doing business. All of this is here now. None of us in the private sector dare to say what's in front of us - except that we must be prepared and establish networks which respond quickly to the needs of our exporters.

I did not come today to be critical of the strategy but to offer recommendations which we might focus our attention to create programs and mandate TPCC's future actions which will

strengthen the future of our country and its exporters. As each individual who is called to testify will add his or her personal twist to the response to the national strategy, I, too, will pepper my comments to you given my concerns for information technology, education, financing, minority businesses and export intermediaries.

Information Technology

In its present structure, the proposed National Strategy addresses the need for coordination of information to the public. It also proposes to utilize online systems such as CompuServe, Dialog. Prodigy and NTIS to disseminate information, providing exporters greater access to government information. I strongly recommend the following initiatives be included in that strategy:

- That in its negotiation with these vendors, the U.S. government seriously look at creating within each vendor's structure a public access network whereby manufacturers, exporters and entrepreneurs may communicate with each other directly. In this network, players such as the District Export Councils, world trade clubs, trade associations and state/local agencies could communicate their programs and activities. Such a network could be negotiated without expanding government's cost. The network could be managed by the present vendor as part of their present system management, and the Trade Information Center would be a participant in each network to answer the online questions of inquirers.
- In the collection of trade leads around the world, that the U.S. government look at expanding its present structure to include time sensitive inquiries separate trom general information leads (i.e. it's nice to know that Harrod's buys dolls, but it is more important for business to know that Harrod's needs 2,000 dolls shipped on such a date and offers must be submitted by such a date.) U.S. sellers would have a more informative network in which to make offers of product as opposed to general solicitations.
- That government's role as a wholesaler would be to create an umbrella network to support U.S. exporters access to online and faxback systems nationwide. Through this network, U.S. firms and entrepreneurs would have access to the World Trade Center's NETWORK, TIANEX, InterNet, NewsNet, state trade lead systems, LEXIS/NEXIS, the World Bank, chambers of commerce at home and abroad, and international systems already in existence in Europe, Asia and

the United Nations. Government has the ability to negotiate on the behalf of U.S. businesses and should use that capability. Intormation today is key to businesses actions and reactions. Any attempt on the part of government to make this network accessible in Paris, Texas as well as Paris, France would enhance the U.S. businesses competitiveness.

- In a world that is rapidly establishing various sets of standards, access to information on standards in each country or trade bloc is critical to U.S. businesses. Within its networks, government should be providing business with up-to-date directives and policies in a centralized and easy-to-use format. This would also include information on licensing, technology transfers and directives on joint ventures in foreign markets.
- In the past five years, governments around the world have come to agreement on unified coding used in tariffs. Nothing is more complexing to an exporter than not understanding the tariffs and duties his/her product is subject to in the country of destination. The U.S. government should address the collection and compiling of individual country tariffs in a database for access to the U.S. business community.
- Establish a directive to the TPCC to collect, print and distribute a national directory of international trade resources available from non-profit and governmental agencies in the U.S. This information could be distributed in print and through other means presently available to government such as the National Trade Data Bank.
- Establish a directive to the Department of Commerce to include trade leads for services to be included into the Trade Opportunities Program for those foreign firms seeking service providers on their trips to the U.S. or in the establishment of their operations in the U.S.

Education

I don't think I need to expand on the basic educational needs of the business community and the lack of skills in today's graduates and undergraduates. I speak to many small exporters on a daily basis, and what I hear most often is of the lack of a workforce designed for their industry so that they as owners can be free to address the needs of creating business, not always administering it. Our schools tend to address the glamour of international trade

such as marketing, joint ventures and sourcing, but do not teach the basics of quoting offers, packing shipments, documentation requirements for shipments or the basics of the language of trade which our European and Asian counterparts are well versed in. I recommend that as part of our national strategy the following:

- That educational grants given by the government be tied to the national strategy and reflect education in trade basics and understanding the intricacies of trade finance.
- That the government collect, collate and distribute curriculums, syllabus and other documents and materials presently being developed by the educational community into a national database for access by the general public and other educational institutions.
- That the Department of Commerce as part of its internal training request the private sector to mentor its personnel and trainees so that they may have a hands-on understanding of the issues involved for manufacturing and service exporters.
- That educational programs aimed at foreign countries for small businesses, such as those funded by the Agency for International Development including Entrepreneurs International, be refocused as not just training programs but also as matchmaking programs to enhance small businesses ties, especially minority-owned businesses with similar sized businesses. Also, that these foreign businesses which participate in such programs be encouraged to tie into a communication network for business similar to the Trade Opportunities Program already in existence in the Department of Commerce.
- Direct the Department of Commerce to educate the American business community on the opportunities available through the Multilateral Development Banks and organize a national effort to have them meet with U.S. exporters.
- That an educational effort be established in strategic foreign markets for training entrepreneurs and businesses on how to import from the U.S., how to identify suppliers of products and how to access services of U.S. companies.

Financing

Mr. Chairman, I don't claim to be an expert on export financing, but in my role as an exporter and in my day-to-day dealings with exporters, it is no secret that the present structures fall far short of the needs of the community. I caution this committee. While I was with New York State, I saw a similar program initiated for the education of bankers that brought no measurable result to the exporting community. It is very clear that the gaps in institutional financing will continue to exist as long as government regulations and limited profitability exists in this area. However, I do see the future of financing as a bright horizon provided that the private sector and the government work together to prepare our exporters for other alternatives in financing. Too many times I bring together U.S. exporters and interested buyers from the former Soviet Republics and watch the opportunities collapse because of a lack of understanding on the American side of creative ways to do business without a confirmed irrevocable letter of credit. The former republics, on the other hand, have extensive experience in alternative ways of doing business but lack the ability to educate U.S. businesses on how to successfully conclude business with them. I recommend the following actions be included in a national strategy:

- That an educational effort be undertaken by the TPCC to provide American businesses with information on alternative methods of financing exports including transactional finance, countertrade, barter, factoring and forteiting.
- That a pilot fund be established in the Small Business Administration to be used for transactional financing. The fund would be administered by export finance specialists in the SBA in partnership with representatives from private merchant banks which provide transactional financing. This fund would accomplish two objectives: it would begin to bring into the system the type of financing most small businesses have need for, and educate specialists within the SBA on how to evaluate transactions for financing which would relieve their dependency on asset or collateral based financing that is historic within the agency.
- Investigate the experience of General Foods and the Bank of Boston on the establishment of trade credit certificates and see if such a system in today's economy could benefit small and medium-sized businesses. A clearinghouse concept of trade credits could be devised to foster transactions in Eastern

- Europe, Africa and the Newly Independent States. The results of such an investigation would be shared with the banking community and the private sector.
- Direct the TPCC to hold an annual forum on export financing for the U.S. business community to include private and public banking institutions, merchant banks, investment houses, exporters and other players who have a stake in expanding financing for exports. The purpose of the forum would be to establish who is financing, what their criteria for financing are and to make recommendations to Congress or other governmental bodies for legislative changes, etc. This forum should annually be held in the exporting communities and not in Washington, DC.

Minority Businesses

I come before you today not to make additional requests for special funds or additional special programs. Minority businesses are wrought with the same needs as most of our exporters. They are undercapitalized and lack access to capital. It is my contention that if our government is doing right for small businesses, it will be doing right by minority businesses. I had the privilege to sit on the International Trade Committee of the President's Commission on Minority Business Development. I will echo a recommendation of that Commission:

■ That Congress direct the TPCC and other relevant agencies to develop appropriate data collection techniques to measure the contributions of minority businesses to U.S. export activity.

In my experience, I have met with a variety of minority individuals who have vast experience in international trade and are clearly committed to succeeding in international markets. What they lack is a clear picture of who they are and how they can benefit from each other. I also recommend that:

■ That the Department of Commerce's Minority Business Development Agency, in cooperation with the states and the private sector, develop an Exporter's Resource Guide which would be a directory of those minority firms engaged in exporting and minority service providers (public and private) with expertise in

assisting such firms. This could possibly be included in the Export Yellow Pages as the Green Pages are now.

Coordination of Promotional Efforts

The effectiveness of this effort by the TPCC will largely depend on its ability to coordinate efforts in both the public and private sectors. Hopefully the days of government competing with itself and with the private sector are waning. Further recommendations include:

- That the TPCC also be charged with extending the concept of one-stop shops to overseas markets and make sure that all grants and other programs funded by the U.S. government are centrally accessible in the foreign country. This would be particularly true of the American Business Centers and other operatives being tunded in Eastern Europe and the Former Soviet Republics.
- That the government publicly declare its partnership with the private sector and initiate a clearing process to support private sector service providers. It has always been my contention that government should support the growth and development of local, regional and national trade organizations. One way that would be supportive would be to announce that firms would only be listed in government publications, directories, etc. if they are a member of a local, regional or national world trade organization.
- That Congress should establish a national fund to grant financial assistance to local, regional and national non-profit trade organizations. This program could be similar to the NETWORKS program presently operating in New York State under the auspices of the Department of Economic Development. Such a fund might also include support for sister city/state relations so that they could expand one-on-one business exchanges with their foreign counterparts.
- That the TPCC evaluate the effectiveness of New York State's Global Market Entry Service (GEMS) and investigate how such a component could be integrated into the Technical Assistance Centers.
- That all agencies of the TPCC utilize the Department of Commerce's District Export Councils as the point of contact in their efforts to reach U.S. exporters.

Export Intermediaries

Statistics from the Department of Commerce indicate that approximately 40% of merchandise exports are handled by export intermediaries. These include distributors, wholesalers, brokers, agents and export management/trading companies. These intermediaries represent a large knowledge base of experienced exporters and given the right kind of support could dramatically increase our exporting stats. More attention needs to be given by the TPCC to their role and partnership in expanding U.S. exports.

Also, in this ever changing world, Japanese and European trading companies are viewing American manufacturers lack of export willingness as an opportunity to expand their overseas sales and operations. This is also true of former state-owned enterprises in the former Soviet Republics which are busy establishing U.S. offices to support their activities.

American export intermediaries won't be able to compete on the scale of these trading companies in their own backyard. Neither is our export strategy designed to assist U.S. manufacturers to meet their export experienced partners in global trade. Little attention is given by government to indirect methods of exporting. I urge the following recommendations be included in our national strategy.

- That a national databank of export intermediaries be established to match U.S. manufacturers with potential export management companies or distributors. That this databank also include potential foreign agents and distributors listed in the Foreign Traders Index.
- That export intermediaries be included in trade missions, trade shows and other outreach efforts coordinated by the TPCC.
- That in the allocation of resources, the Small Business Administration's Export Matchmaker Program be funded to be a national program in major exporting communities. Let's fund what works. Additionally, the Congress should charge SBA with organizing such events around major U.S. domestic shows which attract foreign visitors.
- That Commerce and SBA create a separate category for export intermediaries in their annual acknowledgement of the exporting community.

Trade Information Center

Mr. Chairman, the national strategy as proposed in this document calls for the Trade Information Center at Commerce to be the contact point for exporting information. I strongly agree with this recommendation. In all the organizations I am involved with, I state that contact is the first line of attack. I have also visited the TIC and know how understaffed and unprepared they are for the 1,000 calls a week they presently get. I am personally committed to their success in directing callers to the resources and information they need to export. I also know that given their present structure, they could not meet the expectations of the general public. Thus, I strongly recommend the following:

- That the staffing of the center be increased.
- That budget allocations be made for a staff library at their disposal with up-todate information and resources from the private sector to augment the government information they compile.
- Government is not known for its marketing capabilities and it is important that a national campaign and marketing plan be developed to promote the TIC. Included in this campaign should be a public service announcement for exporting and its importance to our national economy, hopefully by the President.

Conclusion

I have highlighted some of the areas which I feel can turther enhance the process of designing a national export strategy. The proof will be in the pudding, and I hope this committee will seriously address how it can empower the work of the Trade Promotion Coordinating Committee and America's exporters. A stronger public/private partnership is clearly needed in the area of expanding exports. The private sector is and has been ready through its various channels to support the efforts of government. Thank you for the opportunity to address my concerns. I personally welcome our partnership for the new millennium that we are forging today.

Testimony
by Leslie Stroh
President of Trade Services Corp. and
Publisher of The EXPORTER magazine

on October 26, 1993

before the

Subcommittee on Rural Enterprises, Exports and the Environment,
Committee on Small Business,
House of Representatives,
U.S. Congress

The Trade Promotion Coordinating Committee (TPCC) report entitled "Toward a National Export Strategy," mandated by Congress, is at best an interim report. In this testimony, I will first make several general comments, and then:

- * briefly review the Export Trading Company Act of 1982 and lessons learned from it;
- * discuss the importance of creating a marketing plan by the government for US exporters, and then creating support services
- * define very specifically the targetted exporters and the
 US international trade infrastructure;
- $\mbox{\scriptsize \star}$ point out the significance of very small manufacturers and very small intermediaries;
- * explain the need to quantify the goals of the national export strategy; and finally,
- * comment on particular sections of the TPCC report.

GENERAL COMMENTS

One of its biggest faults of the TPCC report is that Secretary of Commerce Ronald Brown promises that by adopting the "program" of the TPCC, the United States will be assured of \$1 trillion of exports in the year 2000. Yet, even if we do nothing, and merely continue the low level of growth of the past three years of 6-8% per year, simple arithmetic says that the current level of exports of goods and services of \$700 billion will grow to between \$1.1 trillion and \$1.3 trillion.

The TPCC's estimated 10-30% reduction in growth by implementing their strategy gives new meaning to the words, "I'm from the government and I'm here to help you."

Supporting numbers are lacking throughout the report, and the ones that are there do not always make sense. One statistic states that imports in Europe will grow by 5% from now until the year 2000, and imports of Latin America and Asia by 8%. One trillion dollars of exports in 1993 represents a 5% growth rate. If imports in a vital market are forecast to grow at 8%, by adopting the TPCC "program" are we anticipating a loss of global market share?

The recent decontrol of computers by President Clinton announced with presentation of this report -in the words of Secretary of Commerce Brown-"will boost US exports by billions of dollars."

Why, then, does the report anticipate a continued slowing of the rate of growth of US exports, when so many global events, such as decontrol, the economic recovery in Europe and Japan, the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) and the North American Free Trade Agreement (NAFTA) all favor a continuation or an increase in the rate of growth of US exports?

Writing the TPCC report without numbers is like writing a campaign strategy without district demographics.

The TPCC report appears to be a potpourri of everything the TPCC knows about exporting -- without either a unifying vision, consistent theme, or budgeting process. It is a curious blend of internal/domestic details and a continuance of Reagan-Bush programs that are now adopted by the Clinton administration. It is possible to describe this program as a program without a purpose.

There are also a number of glaring omissions, for example a discussion of the ETCA of 1982, which is discussed below.

There is a also clear bias against "very small" firms (defined below) and exporters that are not manufacturers. Yet such non-manufacturer exporters represent 64% of existing US exporters, employing 1.4 million people and generating 44% of exports. They are referred to in just 9 lines, parenthetically, (see p.13) in the entire 103-page document.

Multilateral Development Banks Trason and the Market Cooperator program both featured in this report as new and expanded initiatives were both mandated by Congress some time ago, and only now being implemented in a more meaningful way.

The role of the unification of international product standards in the development of US trade are treated as an afterthought in the TPCC's report (pp. 61-67) in the obstacles section, instead of as a primary mechanism for increasing US product acceptability. Yet, in my opinion, this is the single most critical area with long-term benefits that the US Government can resolve for US industry. It is also the least glamorous.

The timetable for providing the additional information which will actually fulfill the Congressional mandate is unclear despite the inclusion of specific action dates. When will we, the public and Congress, actually see the report as mandated by law. Or, by the nature of the budgeting process, will the prioritization not be available for public scrutiny until it can be defended by saying that as part of the total budget it is such a small proportion of the total budge that the budget process should not be held by a discussion of these details. In other words, is the process of completing the review, prioritization, and budget process being set up so as to avoid public scrutiny.

LESSONS FROM THE PAST: A REVIEW OF THE EXPORT TRADING COMPANY ACT (ETCA) OF 1982

Prior to the passage of the ETCA in 1982, the 97th Congress commissioned a study to evaluate its potential impact. According to the study, "the ETCA would by 1985: (1) reduce the federal deficit to \$22 billion; (2) increase domestic employment by approximately 300,000 to 600,000; and (3) increase the Gross National Product between \$27 billion and \$55 billion" As a result of such positive predictions, the ETCA was passed unanimously by Congress.

(In July 1993 , the Association of the Bar of the City of New York prepared a review of the 1982 ETCA, from which the above quote was obtained. The report was provided to me by Ms. Lee Wah Chin, Chair, International Committee, The Association of the Bar of the City of New York (212-827-3616).)

The ETCA aimed to create export trading companies -- or "trade intermediaries" -- and to boost US exports. Worthy goals. In an article on the ETCA as quoted in the Bar Association report, its former director commented, "It is conceivable that the ETCA has accounted for over one billion dollars in exports and has made significant contributions to US exports." Taking the most charitable perspective that this is an annual figure, that comes to the oft quoted 20,000 jobs per one billion of exports. This is a far cry from 300,000 to 600,000 jobs.

By 1987, 44,000 trade intermediaries including some 120 ETCA certified trading companies accounted for 37% of the value of US merchandise exports. However, the trade intermediaries weren't created by the ETCA; they already existed, but nobody knew about them.

(Remember that prior to 1987, there was no count of the number and type of US exporters. It wasn't until The EXPORTER magazine published the first figures in 1989 that there was even a firm estimate, and not until June of 1992 did the Commerce Department publish the official number for 1987 of 104,564 merchandise exporters)

Despite the significance given to trade intermediaries in the 1982 ECTA, and their important role in exporting today, there is no meaningful discussion of their role or their needs in the TPCC report. Nor is there mention of the need to phase out the ETCA office as a cost-saving measure. The TPCC report also confuses trade and service intermediaries -- entities that should be treated separately.

Congress should take note of the cost of bad information. Back in 1982, you did not have access to the Exporter Data Base, So, based on anecdotal evidence, you unanimously made what turned out to be a legislative blunder.

Now, 10 years later, the TPCC is giving you the same opportunity. They are asking for you to approve programs and budget for which hard demographic information exists, but which they decline to give to you. Would you as Congresspeople run your campaign without demographic data and rely solely on the open ended responses in your opinion polls.

CREATE A MARKETING PLAN

It is important to realize that export promotion and development are nothing more than marketing strategies, not unlike those used in re-election campaigns. In an election you have a definitive end date, voter turnout, and election results. Trade is measured by dollars, shipments, number of firms participating and jobs.

All export promotion means is that the federal government is setting up a marketing-information infrastructure on behalf of US companies, and writing a strategic plan on how to use it. The key difference electioneering or domestic marketing and international marketing is that in international trade, participants operate in two different business environments simultaneously. Everything else is the same, only the details and particulars of each country's business environment differ. Trade practice is as important as trade policy.

Like for Congressional districts, demographics exist for exporters down to the three-digit zip level. This means that if you can specify the three-digit zips in your Congressional district, you can have as full a profile of exporters as the disclosure laws allow. The TPCC was aware of these export demographics, recorded in the "Profile of United States Exporters: Initial Findings from the Exporter Data Base," published by Commerce in September of 1993.

This report was available to the TPCC prior to publication. Not using the data indicates to me that Commerce is unwilling to focus on the specifics of the exporter universe and the existing support infrastructure.

The US government needs to stop focusing on rearranging leftover programs and create a marketing plan. And then and only then see if the programs fit the implementation of the marketing plan. Debating the relationship between two agencies over who will have the primary "800" number for incoming callers is not what one expects in a strategic plan.

DEFINE TARGETTED EXPORTERS CLEARLY

"Export-Ready"

Faced with a choice of three ways to define the beneficiaries of this export development plan, the TPCC picked the one with no discernable quantifiable basis, a psychographic: "export-ready" firms. Such a nebulous term will prevent Congress -- or anybody else -- from measuring results.

No one can answer the question: "How many export-ready firms are there?" No one can really define what this means, nor can anyone measure if the number of export ready firms increases.

In other words, there is no way to measure success. But, again, by choosing a \$1 trillion target, the TPCC and the administration are guaranteed success, even if nothing nothing happens, simply because projections of growth at low historic rates indicate that the US will export \$1.1 to \$1.3 based on market conditions and forces already in existence.

You can ask about the state of mind of an "export ready" firm, but that will yield nothing other than anecdotal evidence, which may or may not be correct. For example, it is currently thought by bankers and other industry participants that middle market firms are increasing their exports or their interest in exports rapidly, that is, by 15% per year.

If there is a substantial base of exporters growing at 15% per year, but the average will be growing at 5% per year, as the Department of Commerce (DOC) predicts, then for every one company growing at 15% there are two companies growing at 0%, or some percentage of companies dropping out. Why? Is this not a suject of concern. Since these firms are exporters, they are export ready. What programs exist to keep existing exporters from dropping out of the export business. Is there any level of concern for why it is happening?

Number of Employees

The second choice in defining potential clientele is to break down companies by number of employees. The Exporter Data Base uses the following categories: under 20 employees (very small), 20-99 employees (small), 100 to 499 employees (medium-sized) a nd over 500 employees (large).

I do not advocate using these categories for the same reasons that I reject the "export-ready" definition. The terms are descriptive and do not measure success. The size of the company has no bearing on the success of the company, only the potential for success.

Company size is a basic criterion because that is the way the Enterprise Statistics have been collected for hundreds of years. This is the way data is collected, period. The Exporter Data Base which is stratified by employee size of company provides the United States with the best export trade statistics in the world (This is a proposition I am willing to defend in a different forum).

Moreover, despite some known technical deficiencies in export trade statistics, the government has the ability to make the system even more useful. To present a report called "Toward a National Export Strategy" ignoring the Exporter Data Base completely by non inclusion of any of its data is an act of willful dis-information.

The Small Business Administration's (SBA's) definition of small business, commonly referred to as "under 500 employees" is not very useful. Since this Committee focuses on small business, and the statistics exist, I would encourage it to use the four way break-down by employee size: very small (under 20), small (20-99), medium (100-499) and large (500+employees), that is available in the structure of the EXPORTER DATA BASE.

To put this in context, medium with 100 to 499 employees, in terms of the US banking community corresponds to the "middle market," which for manufacturers is \$10-\$100 million in annual total sales. 499 employees equates to \$50 million so the analysis is not perfectly congruent.

In order to put this in context you can equate certain employee sizes with total annual sales. For manufacturers the employee size breaks suggested would on a total-annual- sales basis be the equivalent of very small (under \$2 million), small (\$2 to under \$10 million), medi um or "middle market" (\$10 to \$50 million) and large (over \$50 million). Banks tend to mean over several hundred million when they use the word "large."

Small does not mean poor. It may mean that the company infrastructure may be lacking to run both a domestic and international business.

Frequency of Exporting

In trying to define the targetted exporters, my preference, which remains unabated, is to use the terms "frequent" and "infrequent" exporter designations -- including "moderately frequent" as a middle category, if necessary -- following a determination of company size. In other words employee size is a measure of potential, frequency is a measure of accomplishment.

The reason is simple: I can count shipments; and the government can count shipments. For example, there are 12 million shipments per year worth more than \$2,500, and 12 million shipments per year worth less than \$2,500. Of the shipments over \$2,500, 52% are less than \$10,000 in value. This simple fact of transacvtion size, is of strategic importance in developing a trade development program, because the shipment size and frequency together determine what is profitable for the exporter to do.

Expertise is a function of frequency not size. I use the analogy of the person who buys a very expensive grand piano. Becoming a concert pianist is not a function of the price of the piano, it requires practice. In the same way, the firms that "practice" exporting often become experts, grow and become more profitable.

DEFINE US INTERNATIONAL TRADE INFRASTRUCTURE

In order to write a national export strategy, there must be some framework identifying who the strategy is being written for. All US companies is a rather nebulous definition.

First, the US business community should be broken into three groups:

- Manufacturers (SIC codes 20-39);
- 2. Trade Intermediaries (SIC codes 50-51); and
- 3. All other types of companies, including service intermediaries (all other SIC codes).

Second, each of these business categories can again be broken down by number of employees. If exports equal jobs, then the number of employees is a critical measure.

- 1. Very small (1-20 employees);
- 2. Small (20-99 employees);
- 3. Medium (100-499 employees); and
- 4. Large (500+ employees).

Third, all of these businesses operate in one of the following five styles:

- Domestic only;
- Export and domestic;
- 3. Binational or trinational with a facility on one or two foreign countries giving rise to both foreign direct investment issues and export issues;
- 4. Multinational with a facility in three or more foreign countries, giving rise to a complex set of foreign direct investment issues and product sourcing issues, defined here as US-owned or originated; and
- 5. Transnational, which is the same as multinational, except that it is either foreign-owned or originated, or it takes a global perspective, not a US perspective.

Fourth, there are four types of trade facilitators:

1. Federal:

- State/local;
- 3. Private non-profit; and
- 4. Private for-profit.

This may seem like a complex matrix, but it separates the players into discreet components that make it possible to obtain statistical data on which we may both plan programs and measure results. Using a matrix like this allows Congress to ask a question for which there exists a specific answer.

THE SIGNIFICANCE OF SMALL BUSINESSES

I would like to boldly assert some counter-intuitive conclusions -- I say "boldly," since charts make most people's eyes glaze over, and I am offering conclusions from analytical material copyrighted intellectual property of The EXPORTER.

I reached these conclusions using publicly available data prepared by the Bureau of the Census from the Enterprise Statistics and the Exporter Data Base.

Very Small Manufacturers

Very small manufacturing companies (manufacturers with fewer than 20 employees) are more productive exporters if measured by export sales per employee than large companies. If "exports equal jobs," then one of the measures of success should be export sales per employee.

One criticism of the "frequency" criterion is that very small manufacturers are not likely to become frequent exporters by the very fact that they are very small with fewer than 20 employees, and total sales, both domestic and export, of less than \$2,000,000. There is an inference in the data analysis that 50 shipments (the frequency threshold) and \$1 million in export sales are interchangeable terms. This will be subject to further analysis.

However very small companies that are trading companies are highly likely to be among the most frequent exporters, and with help could become even more frequent exporters.

Very Small Trade Intermediaries

Non-manufacturers -- or trade intermediaries -- are the most numerous exporters of manufactured goods. There are 31,597 ver small international trade intermediaries (SIC 50-51) (out of a total of 40,863-77%) the sole business of which is trading, wholesaling and distributing manufactured goods domestically and internationally, and 17,360 very small firms out of 21,234 (82%) who are neither manufacturers nor wholesalers that export in addition to their main business, which is neither manufacturing nor wholesaling.

In virtually every category of exporting, particularly trade finance, the needs of trade intermediaries of any size are different from those of manufacturers.

In the TPCC report, however, trade intermediaries are only referred to in the following nine lines on page 13:

"There is a full range of for-profit direct export service providers (e.g., banks, export management and export trading companies, consulting firms, world trade centers, law firms, freight consolidation and transportation services). For-profit export service businesses offer a virtually unlimited range of direct business services at market prices".

The above passage is the full discussion of trade intermediaries, but they are quite significant in exporting. There are 67,000 trade intermediaries (64% of all exporters) in the United States and they account for 43% of US merchandise exports. The lack of more of a discussion of trade intermediaries is a serious deficiency in the TPCC report.

Service intermediaries (banks, consulting firms, world trade centers, law firms, freight consolidation and transportation) companies fare worse than trade intermediaries. Firstly, they are confused with trade intermediaries. Secondly they are not included in the range of multipliers or considered as service vendors to even the "export ready exporter".

Banks which are mentioned in the TPCC report are included in my category service intermediary, under the TPCC's category of "for profit, direct export service providers."

There are by my guesstimate between 10,000 and 15,000 service intermediaries in addition to trade intermediaries.

Any export development strategy that does not include these private sector resources indicates a bias against small business, since, with few exceptions, these are all very small or small firms.

QUANTIFY GOALS OF THE NATIONAL EXPORT STRATEGY

- A. For Manufacturers:
- 1. Increase the number of large company exporters by 10%.
- 2. Increase the participation rate in exporting of the very small, small and medium-sized manufacturing exporters to 90% of the next-larger category so that participation rate goal for medium sized business would be 90% of the participation rate of large business. I assume that if one size of business can find a foreign market, the next category down can sell in the same markets.

Potential increase in net new manufacturers as exporters.

Based on increasing the percentage participation rate to 90% of the higher employee size category, the TPCC could set a

goal of adding 160,000 manufactures as exporters.

Although shown here in total, this same approach could be taken on an SIC code by SIC code basis, allowing for narrowly focused export support programs in areas with the greatest likelyhood of success as defined by medium sized company participation rates.

Potential goals for increasing manufacturers who export.

<pre># already exporting</pre>	company size	current % participation	goal for % participation	net new exporters
12,975	1-20	5.8%	61.8%	125,149
14,234	20-99	22.0%	68.7%	30,212
7,217	100-499	47.3%	76.4%	4,483
2,861	500+	77.4%	84.8%	370

3. Create programs to increase the sales per employee of each of the four categories to that of the highest current sales per employee level. This implies almost universally raising the larger companies export sales to those of the very small companies, but more import antly, tripling the sales per employee of the small and medium-sized companies.

Avg. export sales	company size	Sales/employee per export location	Export share of Total Business
\$184,663	1-20	\$24,202	30%
\$321,765	20-99	\$7,025	88
\$1,547,042	100-499	\$8,953	98
\$48,048,235	500+	\$20,653	15%

Here I introduce a new concept called export location because big companies have lots of locations, many of which do not support exports. Small companies typically have only one location. In order to compare export sales I used the narrowest definition of exporting. It still shows that export sale per employee is highest for very small companies. It also shows that very small companies who export are very dependent on exporting, and therefor very small companies have very critical trade finance requirements.

A few hundred SBA working capital loans don't make a very big impact on 27,000 very small and small manufacturers who already export.

This same analysis can be completed on a two-digit SIC code basis (with very insightful results). Obtaining the participation rates in no. 2 and the sales-per-employee goals in no. 3 would in the aggregate add approximately \$100 billion dollars in a one-time gain to US exports.

B. The same goals can be stated for Trade Intermediaries in SIC codes 50/51 which is a separate category from Other trade intermediaries who are everybody neither a manufacturer nor classified in category 50/51.

For Trade Intermediaries, the TPCC could set the same types

of quantifiable goals as noted above in numbers 1-3 for manufacturers. Note that trade intermediaries and manufacturers require different services, because of differences in the capital structures of the two types of businesses. Manufacturers typically have fixed capital and working capital, trade intermediaries typically have little fixed capital, and fully use their available working capital.

For all new exporters the major obstacle to completing export transactions is the high transactions cost incident to small transactions (under \$10,000). Heretical as it may seem, why not network the very small trade intermediaries with the very small manufacturers, since the government does not have enough subsidy money to support the 18 million transactions per year under \$10,000.

There are also software tools that reduce the cost of export transactions dramatically that are affordable by all exporters, including the very small businesses. The TPCC is silent on this subject, and to the best of my knowledge, the DOC is not institutionally aware of the educational nature of any transaction-related software.

As this kind of software is produced by for-profit companies, and trade intermediaries are for profit institutions, I perceive a government bias against the private sector in their supply of trade services to emerging exporters.

The government could instead sift through and/or take inventories of these software tools, and provide lists of available software packages to trade intermediaries. Based on referral criteria, the government could introduce experienced trade intermediaries suitably defined to inexperienced manufacturers.

What the TPCC should not do, is establish trade assistance centers for small businesses, as noted in point #4 in bold on page 16 of the TPCC report. By my count, at least 62,097 such centers (including both 50/51 type intermediaries and other trade intermediaries) already exist, employing 1.4 million people exporting manufactured goods.

C. Other Trade Intermediaries

The category "Other Trade Intermediaries" includes subcategories such as retailers, catalog companies, hairdressers, restaurants, and the whole range of U.S. businesses. There are 21,234 exporters (0.7%) in this category out of a total of 3.2 million firms.

Goals similar to those of categories ${\tt A}$ and ${\tt B}$ need to be set and programs developed, but on an classification-by-classification basis.

D. Services

The TPCC report is noticeably silent on increasing service exports, which is said by many to be both a) rapidly growing, and b) of paramount importance in the future. I am limited in commenting on the growth of service exports, since there is

no proper way to count them.

Service exports are locational, that is, they require a foreign presence to maximize the US participation. As a result, the treaty benefits of transparency, security and national treatment of foreign direct investment are of paramount importance. To increase service exports, rapid conclusion of the Uruguay Round of the GATT talks, and acceptance of the NAFTA treaty are critical.

The prominent discussion of manufacturing jobs that will come from NAFTA, and the silence on service jobs, indicate that some jobs (manufacturing) are more equal than others (service). Yet, the President, the Secretary of Commerce and the USTR have taken the appropriate initiatives outside of the TPCC, and since there isn't much that the government can do to foster increased service exports beyond the they already are pursuing, I merely note that the TPCC report is silent on this issue.

SECTORAL DISCUSSION OF THE TPCC REPORT

Having established a matrix of players, and some quantifiable goals within the current demographics of exporters, I would like to make some observations on the following subjects that are mentioned in the TPCC report:

- 1. Advocacy (& Rules on Referrals)
- 2. Trade Finance
- 3. Trade Development (Export Promotion Services)
- 4. Information
- 5. Export Controls
- 6. Organizational Structure
- 7. Priorities
- 1. Advocacy

Advocacy is a good idea and its time has come. As discussed in the TPCC report advocacy appears to be big project-related, or at the very least big-ticket. There discussion of advocacy was in the section on trade development. I think it is of sufficient merit to treat on a stand alone basis.

The exposition on how the Office of Advocacy will be set up is one of the clearest in the report, yet costs are not mentioned. It is significant that no programs are cut in the report -- although clearly the ECTA office wouldn't be missed -- and this new program is added. Again, I would recommend phasing out the ECTA office and the ETCA program.

The first priority of the Office of Advocacy should be increased visibility of effort to unify international product standards, the discussion of which is now appended to the end of export controls. If you can't plug in the motor or computer, you aren't going to sell it. There is a very big service business- retro-fitting US products to foreign

standards, but it is at the cost of competitiveness.

The second priority of the Office of Advocacy should be to understand that the Secretary doesn't need any new staff, but that there are hundreds of knowledgeable people already working at the Trade Development Administration (TDA), Multilater Development Bank liason (MDB), the Export-Import Bank (Eximbank), Overseas Private Investment Corp. (OPIC) and elsewhere, including experts on tied aid, countertrade and offset. The Office of Advocacy at the highest levels should draw upon all of the project-related support services, rather than try to create its own.

There should be three forms of advocacy: a. "project advocacy," b. "foreign advocacy" and c. "domestic advocacy."

a. Project Advocacy

Project advocacy refers to big-ticket advocacy requiring high-level attention.

b. Foreign Advocacy

Foreign advocacy means that it ought to be possible for a representative of any US company to walk into a Commerce or State Department office abroad and ask for direct, personal, on-site help.

"Preferential treatment" is the reason typically given for why specific targeted help is not proferred. Representatives of companies without immediately recognizable names do not usually obtain on-demand, on-site help/advocacy.

The TPCC staff who created the pyscho-graphic "export ready" should be able to define a set of rules that will make it possible to give preference to a firm that has exhibited commitment by travelling abroad. Local staff abroad should be relieved of the burden of worrying about those firms who have not exhibited a commitment to exporting as being denied equal treatment.

If usage builds and the foreign location staff becomes overburdened, then the market is clearly indicating the value of such services, and budgets should be adjusted accordingly.

c. Domestic Advocacy

In the United States, there are 67,000 trade intermediaries of all sizes and varieties, and up to 15,000 for-profit service intermediaries, not to mention several thousand non-profit service intermediaries.

The DOC needs to change its referral policy so that it does not discriminate against small-business service providers. It should, in fact, leverage its services by referring businesses to businesses. In the commercial world this is called networking.

In terms of this Committee, domestic advocacy is the single biggest source of potential employment, since 95% of all trading companies/wholesalers/trade intermediaries have fewer

than 100 employees, and manufacturers with fewer than 100 employees are the ones least likely to have the resources to export directly.

In the absence of any DOC rules on referrals -- other than it is against Commerce policy -- I will suggest a framework.

Rules on Referrals

The benefit of a referral is to give the requestor access to a potentially knowledgeable provider, thus leveraging the resources of the DOC by a factor of at least three to one.

Since the DOC cannot ascertain in advance all of the necessary particulars of the transaction to be discussed, it can make no representation or warranty as to the suitability, viability or financial integrity of either the requestor or the provider.

Within that constraint, the DOC will refer the requestor to at least three providers that are:

- a. firms with experience within the last 12 months of at least one completed transaction either in the market under discussion, or the product under discussion; and
- b. active members of some local or regional trade affiliation such as a World Trade Club or District Export Council comprised of other active export service providers.

Then the referring agency will also provide the name and telephone number of the requestor (with the knowledge of the requestor) to the providers named.

This will clearly generate a sales call, but with a minimum of three sales calls, the requestor will have the opportunity to compare different resources and receive many hours of practical information for free. If the requestor is not willing to listen to a free sales pitch, how strong is the commitment to exporting? From a Congressional budgeting view point, look also at the leverage of DOC resources, a few minutes networking yields many hours of counseling. The sale that results pays a persons salary. That is called incease in employment in the most fundamental sense.

2. TRADE FINANCE

Tied Aid, Feasibility Studies, OPIC Project Financing, Multilateral Development Banks liason, and EXIMBANK project financing are in my opinion more rightly advocacy issues with trade finance components.

The following topics, a discussion of which is included in the Trade Finance Section of the TPCC, all belong under the advocacy section: tied aid (for which an increase was proposed after the writing of this report), feasibility studies, OPIC project financing, and multilateral development banks. liason.

Projects don't go forward without financing, and the Eximbank has demonstrated capacity with regard to project finance. Tied aid will be managed by EXIM. Big projects are advocacy

decisions as well as return on investment decisions.

The TDA should be the working group for the Office of Advocacy, and the Advocacy Council should include all the above-named agencies, plus others as the Secretary desires.

It is interesting to note that it has taken a change of administrations to give priority to the Multilateral Development Bank effort, mandated by Congress some years ago.

When I talk about trade finance, I am talking about financing the exports of 104,564 companies who make direct export shipments to unrelated customers, and not as part of a project.

State/Local Financial Entities

The State/Local Financial Entities discussion, also in the TPCC's Trade Finance Section, is one essentially of delegated authority. That is, to what extent will the Eximbank delegate the authority to commit money? The TDCC report neatly side-steps the relevant issues. The phrase "currently active in only a few states" (p.51) should be the clue that the city/state program is not an overwhelming success. Typically, results are announced in dollar terms. When one finds out how many hundreds of loans have been approved for a base of 104,564 exporters, you get a truer measure of how ineffective the Eximbank state/local initiative has been.

According to the TPCC report, the Working Capital Guarantee Program for loans of under \$750,000, the size relevant to small exporters -- more importantly, to 90% of all exporters -- is being transferred to SBA. As always, the devil is in the details. According to the TPCC report, "If the plan fails to perform satisfactorily [one year after its effective date], it will be terminated and all pre-export working capital programs will be consolidated into Ex imbank's Working Capital Guarantee Program" (p.48).

This Committee isn't going to want to hear this, but SBA is not the appropriate place for the Working Capital Guarantee Program. All the compromise referred to above does is postpone the date when the Working Capital Guarantee Program is transferred back to Eximbank. The problem is not SBA, and while the Working Capital Guarantee Program has its own problems, it is not the reason that SBA is not the appropriate administrator. SBA loan officers deal with asset based lending on a day-to-day basis.

The Working Capital Guarantee Program is transaction-based. It's like asking a violinist to play the piano: Yes, you can cross train them, but the odds are that a concert violinist won't become a concert pianist.

This committee would be doing all exporters a service if it encouraged SBA to terminate their interest in the Working Capital Guarantee Program.

With the exception of the role of SBA in facilitating the networking of small trade intermediaries and service intermediaries along the referral lines suggested for the DOC, I do not see a naturally viable role for SBA in the

export-development process.

If SBA were to take on the role of facilitating the networking of small and very small exporters, trade intermediaries and service intermediaries, it would quickly attain the preeminent role of small business export advocate.

Foreign Sales Corp (FSC) Tax Benefit

Whenever it is discussed, the FSC benefit is touted as promoting US exports. A recent Treasury study confirms that it yields more benefits than it costs, and private-sector studies indicate that it yields far more benefits than it costs as well. The TPCC report, however, is noticeably silent on this important export incentive.

The problem with the FSC benefit is that it applies to only 10% of exporters, naturally the largest ones. It was presumed when the law was passed that there was a significant group of exporters with export sales below \$5 million that would benefit from a GATT de minimums exemption, called the "Small FSC." Because of the way that the law was written, there is a \$1 million minimum to benefit from the small FSC. Consequently, 90% of US exporters are excluded from this tax benefit.

3. TRADE DEVELOPMENT (EXPORT PROMOTION SERVICES)

In the TPCC report, this section is called "Export Promotion Services." Much of the section and the recommendations linked $% \left(1\right) =\left(1\right) ^{2}$ to it can most charitably be called housekeeping (with the exception of Advocacy, which I treat separately). The content of the recommendations here are also very fuzzy, being of the order of "remember to send Mom a card on Mother's Day."

For example, No. 9 (vii and p.18x) states, "Initiate a rational system for tasking overseas posts for country commercial information;" No. 18 (ix and p20), "Use an informational 'navigational system' to guide the planning of programs and events; "No. 29 (ix and p32), "Promote the United States as a country that produces quality products;" and No. 34 (x and p34), "Develop and implement a regular mechanism for evaluating performance measures." They need to be specific and detailed to be useful.

Defining the Export-Ready Firm

The following is the TPCC definition of who should receive help from the US government:

[&]quot;To be considered export-ready, a firm should:
* Produce a product or offer a service that is competitive in the US market or is being sold successfully overseas.

^{*} Possess the capacity and flexibility to respond to new market opportunities.

^{*} Have the appropriate financial resources to support its export objectives.

- * Understand the export process and have a management team that is committed to the export objective and communicates that message to all its employees" (p.15).
- "A "nonexport-ready" firm is one that lacks any one of these characteristics. (pl6).

Trade intermediaries are by definitions one and three excluded from help from the US government on the basis of this definition. Yet, they represent 64% of all existing exporters, 44% of US merchandise exports, and provide 1.4 million jobs.

Instead, the mission statement of the US government's trade-promotion program might be written as follows:

"It is in the interest of the US government to directly help at home and abroad those firms who have already evidenced a commitment to exporting by some regular exporting activity. The goal of the US government help is to increase the number of shipments, export sales per employee, or decrease the transaction cost per shipment.

For firms not now exporting as well as for existing exporters who may not have adequate resources or experience, the US government will facilitate the networking of these firms with appropriately sized trade intermediaries comprised of for profit service intermediaries, not for profit service intermediaries, state and local service agencies."

The advantage to the my definition is that it is quantifiable. A system already exists to record company-by-company transaction activity. And that system is adaptable to the three-digit zip-code level, meaning that results can be measured by two-digit SIC codes down to the state level.

Co-Location

Co-location of one-stop shops is one of the primary thrusts of the TPCC report. As I understand the concept of co-location, the exporter would be able to acquire all of the relevant government information from up to 19 agencies in one location. While this is an admirable goal, I am struck by three facets of the co-location movement.

The participating agencies in the three test models are US&FCS, the Eximbank and SBA, which will be trained in all aspects of export information. Co-location appears to be an effort to improve communication among and between agencies at the field level, on the presumption that people working together will not fight the same turf battles in the field as are fought in Washington. Co-location is therefore supposed to be a means to avoid turf battles. Co-location also appears to be a means of allocating the work load on the spot so that nobody is turned away at a specific location if they do not fit the export-ready criteria.

In its plans for one-stop shopping, however, the TPCC report ignored an existing network of professional information providers who already run a one-stop shop for information: libraries, thousands of public libraries.

With all the talk of information delivery systems, I am struck that it never occurred to anyone that it might be appropriate to locate a model office in a business library, where the technology and the staff are experienced in information retrieval and handling. If the government is going to get into wholesale a nd out of retail, it seems sensible that the government would support the biggest retailer of information in the country: the public library system. To make it work would mean paying money to libraries to run these services. This seems to me to be viable public policy, enhance an existing service rather than create a new one.

Trade Events & Seminars

The TPCC notes that "at least eight federal agencies organize and manage more than 200 trade events annually" (p.19). In the New York-Connecticut-New Jersey region there are 250 trade events quarterly, over 1000 annually. Nationally there are likely to be more than 6,000 trade events per year. The report also recommends to "establish a centralized trade event process to ensure that all proposed events, including those from the states and the private sector, are considered at one time for a given year. Only by viewing them together can rational decisions on the number and mix of events be made" (p.20).

However, most events are not planned more than two months in advance, and most event sponsors see no need to ask government permission to hold an event. In this statement, there is again the bias against market forces, an urge to control all parts of the trade development process, and a lack of understanding that the federal government, because of the rising trade infrastructure, is increasingly becoming a marginal player.

In this area, as mentioned above in the domestic advocacy section, the government can play networker and act as a referral service, informing exporters of all trade events, not organizing them.

State Export Promotion Activities

Regarding the federal-state relationship, I only wish to note that if goals are properly set, they can be shared by all the willing participants.

Environmental Technologies Exports

This is another way of looking at specific industries, and does not necessarily need its own section. However it is Congressionally mandated.

Overseas Network

I made my primary comment on this section under "Advocacy," above. I pulled it from this section, as I believe it should have a section of its own, in which the advocacy efforts of the Overseas Network should be considered.

Former Secretary of State Lawrence Eagleberger redefined the role of the State Department with his cable reminding State

Department personnel that business was an important part of their mission. I believe that overseas field personnel representing US commercial interests should not be considered spokespersons for the State Department, and that some distintion be made between foreign policy, and commercial advocacy.

(Further comments on the Overseas Network appear under "Information," below.)

4. INFORMATION

The ultimate problem that the Department of Commerce has with information, and by extension any other Department or Agency, is that there is too much, not too little, and they can't control it. Only by denying that there is a wealth of commercial information available can the Commerce department justify its role as an iformation provider, rather than as a networking resource.

Information needs to collected, collated, edited and disseminated. For certain types of information, the US government is the best collector. It is not clear if the US government is the best agency for collating and/or editing it, and problems of dissemination are substantial.

However, there is a huge, global, private-sector information industry. In my 14 years of dealing with the subject of information with the US government, I have rarely heard anyone refer to private-sector information resources. Government representatives should, however, be capable of identifying all private sector suppliers competing with the US government for the sale of information. The fact that the US government effectively subsidises information is a different public policy question.

National Trade Data Bank (NTDB)

The TPCC report, for example, discusses the NTDB, but nowhere does it mention the thousands of privately available databases. The NTDB contains statistics on US exports, but what determines the size of an export market is the size of a country's imports. There are three databases that carry that information, but I have never seen reference to them in a government document.

For what it is, NTDB is very good, and should be encouraged, expanded and institutionalized across all agencies. But that can be done in one policy paragraph, there is no need to plead for higher authority to conclude an agreement that the TPCC was mandated to conclude.e.g. "Designate the NTDB as the primary depository of USG trade-related information and require all agencies to provide such information to the NTDB."

The Commerce Department's, and by extension, the federal government's approach to trade information is flawed in the first instance by the definition of what is and is not available. The problems of usage of the NTDB are minor compared to the exclusive focus on providing access to US government data only. The NTDB is, however, correctly

designated as the sole repository of US government information, and all that that designation implies.

Again, the point is to utilize the private-sector information sources. The federal government should provide a clearing-house of information, not discourage the use of certain sources.

Trade Information Center (TIC)

The TIC is a very successful resource responding to more than 1,000 calls a week, 50,000 per year. That is one call for every two exporters.

The attitude behind the TPCC report's statement, "the effectiveness of the TIC is being undermined by the proliferation of similar general information hotlines" (p.17) is wrong. I say this for the same reasons I advocate the use of private-sector information resources in the section above. Either sole sourcing can be agreed within the TPCC as it was mandated to do, or let the users decide. Either the TPCC budget process will work, or it won't. If the reference is to non-governmental hotlines, making the request is out of order.

Later in the TIC section, the report also states -- in bold type -- "Designate the Trade Information Center, situated in Commerce, as the single (italicized) TPCC wide information office that will coordinate existing specialized nonagricultural export information offices" (p.18). Instead of the TPCC eliminating turf battles, the TPCC is now engaged in fighting them. This particular turf battle, which involves financial resources, is an example of the very kind of obstacle that the unified budget is supposed to prevent. This is not a question of difficulty of merging the agricultural budget with the non-agricultural budget, but of a budget-priority issue within the TPCC -- one that actually made it into print.

Commercial Information

In Civilization and Commerce, Ferdnand Braudel quoted from a letter written in the sixteenth century, when, I would suggest, information moved faster between commercial sources than it does within government today.

The writer provided snippets of commercial information, and the advice to act on the information before distributing the other commercial letters that were sent along in the packet.

The point is that timeliness is everything in a trading environment -- and has been since the sixteenth century. Information is ephemeral. Trade Leads are like house guests and fish, best gotten rid of after three days.

In terms of the TPCC, this implies that replacing multiple country reports with one comprehensive report, and initiating a rational tasking system for country commercial information will only create additional problems. If everybody signs off on a document, it will take too long to produce, and it won't be detailed enough.

The information needs of the left handed widget exporter are different from those of the right handed widget exporter. Why should anybody think that once a year all information needs are known in advance, and in Washington?

In effect, the process of processing information puts the user of government information at a competitive disadvantage in the marketplace as the writer of the sixteenth century well knew.

Technology exists to disseminate information in vast quantities, yet there is no mention of the underlying commercial needs, or technologies in the TPCC report, just a rehash of existing programs without even an evaluation of their individual effectiveness, somehow determined.

The information issue that the TPCC report should develop more extensively is dissemination. A statement of the information mission statement might read, "INFORMATION SHOULD BE COLLECTED FOR THE PURPOSE OF DISSEMINATION." The primary goal of the US government should be to develop mechanisms for information dissemination.

Information technology costs money. That means if the TPCC advocates modern information technology, they will end up asking for large dollars, which in this budgetary environment means large program cuts. Not surprisingly jobs are the issue.

Since the process of collating and editing causes delay, is labor intensive and takes staff resources, the responsibility for the quality of information should be shifted to the field personnel collecting it, freeing up resources for the dissemination process. If the TPCC doesn't shift the emphasis from the control of information, to the dissemination of information, there will never be budget justification for the necessary technology, further marginalizing the federal government in the export development process.

EXPORT CONTROLS

Proliferation controls require a totally different approach than do strategic controls on goods and technology. The United States is not now equipped to monitor exports for proliferation control purposes. Basically the existing export control system did the job it was supposed to do in the way it was supposed to do it.

Because of the way export controls were structured, BXA focused the bulk of its budget on controlling the 2,000 companies (representing 85% of US exports) least likely to systemically violate the control process. For all practial purposes the export control process operates by patrolling the good guys who file license applications and ignoring anybody who ignores them. This is not a criticism of US Customs who are get the data on one million shipments a month

rour days after the goods leave the country.

The inability of the control process to adapt without the wrenching changes that are inherent in this report, illustrates a fundamental problem of any government agency: the inability to change as market circumstances change, because people work to the budget process, and the budget process reflects slow change. With product life-cycles shorter than the budget period, the historic approach to export controls is doomed to criticism. If the Export Administration Regulations (EAR) could have been simplified, they would have been. Change in this regard requires a whole new approach. Fortunately Export Controls although included in the TPCC report are not part of the mandate, and are considered by another subcommittee.

ORGANIZATIONAL STRUCTURE

One common theme throughout this testimony has been to shift the resources to the field, and out of Washington. This is fishing where the trout are. There are trout called customers in overseas locations, and there are trout called exporters in the states. Technology can link them. A fundamental reorganization of the DOC and all other agencies should transfer the bulk of personnel and resources to field operations, either abroad, or in the states.

Advocacy is the heart of the process. It is the defining theme for a number of programs. It means dealing with exporters one-by-one and responding to their individual needs.

Within the DOC, industry-specific resources should be linked with industry-specific media, trade associations and trade shows, and if there is a geographic bias to an industrial sector, then the industry analyst should be co-located in a state with the significant sectoral presence.

This is a very radical view of the reorganization of the export development process, but present day information technology permits it. There is no unifying organizational theme to the TPCC report, and as I have pointed out, instead of ending turf ar guments the TPCC committee appears to be engaging in them.

PRIORITIES

Overall, the TPCC report is a housekeeping document with too many ideas of different relative values. It does not present a unified budget; it does not focus on the needs of exporters as defined by their demographics; it does not evaluate the relationship of the TPCC agencies with the five different kinds of service providers; and it does not clearly identify the very few areas where the federal government actually touches the day-to-day activities of exporters (except in the export controls section). Significantly, the one agency most likely to have an electronic interface with the exporting community, US Customs, was not consulted on technology issues.

Setting priorities requires mission statements. When the primary effort is housekeeping, there can be no mission $% \left(1\right) =\left(1\right) +\left(1\right) +\left$

statement. Mission statements that read like a laundry list lose much of their value.

As I indicated in the beginning of this testimony, the US government should be engaged in a marketing support campaign on behalf of US exporters. That requires information dissemination and trade finance, and understanding on the part of the exporter that he/she must understand two business environments at the same time.

It is within the competence of every member of this Committee or the entire House of Representatives to evaluate this report. Ask yourself, if you were applying the recommendations enunciated in the TPCC report to an election campaign, as exporters will to a marketing campaign, would it pass the dogcatcher test? That is, using this document, or one organized like it, could you get elected dogcatcher?

TESTIMONY OF RICHARD BAROVICK INTERNATIONAL BUSINESS AFFAIRS CORPORATION

HOUSE SMALL BUSINESS SUBCOMMITTEE ON RURAL DEVELOPMENT, EXPORTS AND THE ENVIRONMENT

OCTOBER 26, 1993

TESTIMONY OF RICHARD BAROVICK, INTERNATIONAL BUSINESS AFFAIRS CORP.

I appreciate this opportunity to appear before the House Subcommittee on Rural Enterprises, Exports and the Environment to comment on the Trade Promotion Coordinating Committee's Report, "Toward A National Export Strategy." My company, International Business Affairs Corporation, has served over the past 14 years as a consultant to a variety of exporters, large and small, as well as to banks and business associations, and to export development organizations such as world trade clubs, world trade centers, small business development centers and universities. The focus of our work has been to help these organizations and their members and clients make effective use of U.S. government export programs. We also publish three newsletters that report on government export programs -- Eximbank Letter, International Trade and Investment Letter, and Washington Export Letter.

The TPCC Report, in my judgment, is an impressive first step in what can be expected to be a prolonged process of strengthening and streamlining U.S. export promotion and finance programs. The Report reflects a great deal of effort and spells out the agenda for the next several years to produce a lot of required adjustments. Ultimately, however, it will be the implementation that determines whether the Report, a good beginning, makes a real difference. Moreover, much of the work ahead will require the active involvement of Congress. Without a strong Congressional commitment, many of the more difficult steps proposed -- particularly the creation of a unified federal export budget and the redefining of individual agency roles -- will not be possible.

Government export programs, unfortunately, have tended to be a neglected field that draws little attention among the general public and in the news media. The TPCC Report, because it has enjoyed a White House endorsement and announcement, is an important step

toward giving this field more recognition, more of a place in the sun.

In commenting on the Report, I would like to focus on three subjects: (1) how the Report fits into the politics of exports in Washington, (2) what it has accomplished, and (3) what, in my judgment, the TPCC effort has so far not tackled.

The Politics of Exports

The TPCC Report fits into the politics of exports in several ways. First of all, it reflects the shifting balance between economic interests and national strategic or defense interests within the U.S. international affairs agenda. With the end of the Cold War, we have begun to raise the priority of trade relations while the role of defense interests have diminished.

This shift was recognized in last year's elections when both presidential campaigns stressed the need for greater recognition of the country's global economic interests. The Clinton Administration, on taking office, quickly established the National Economic Council as a countervailing group to the long-established National Security Council, with its defense and diplomatic preoccupations. Exports, in the process, are thereby gaining more stature. And Congress, to its credit, took the leadership last year in creating the Trade Promotion Coordinating Committee as a statutory body to strengthen our export programs. The TPCC Report is thus an important symbol -- in a town full of symbols -- reflecting this shift in priorities.

A second issue in the politics of exports is the continuing rivalry in Washington between policy and program. In attempting to expand our exports, the focus of debate dwells primarily on the ability of trade negotiations, such as the North American Free Trade Agreement and the multilateral trade talks in Geneva, to open up overseas markets. Without question, successful

negotiations that open up markets can be enormously helpful. But they are only part of the export expansion picture. The cluster of government departments and agencies that deliver export promotion and finance programs are not only helping individual companies to find, negotiate, and close transactions; they are also helping to build and sustain a national export culture or mentality. After seventy years of trade surpluses, the United States slipped into a trade deficit in the early 1970's and has stayed in that rut ever since. With two decades of trade deficits and global competitiveness at our door, building the export culture is a national necessity.

Other major governments -- and many lesser ones -- take export programs seriously and back them steadily with generous budget resources. The TPCC Report and a 1992 General Accounting Office report have documented the contrast with the more limited U.S. spending on these activities. And a 1992 book by William Nothdurft, entitled "Going Global," examines how European governments take seriously and manage their export programs.

Part of the explanation for our low priority lies with our longstanding preoccupation with defense and diplomacy, but part should be attributed, in my judgment, to the fact that in Washington exporting has not been considered grand enough, or dramatic enough, or majestic enough. Policy makers would prefer to be Dean Acheson or Henry Kissinger, be engaged in "affairs of state," not grapple with such pedestrian activities as finding markets and selling products. Exporting, for many years, has lived under the shadow of "foreign affairs." And that shadow has been present in the Executive Branch, in Congress, in the newsmedia, and among the law firms and think tanks that do so much to shape our national agenda.

A good illustration of this long shadow was the editorial in The Washington Post the day after the TPCC Report appeared. The Post, in commenting, noted the few dramatic elements in

the Report, and then asked, predictably, why it had not addressed the North American Free Trade Agreement. The Post, an outstanding newspaper with an elitist mentality, missed the point, and was surely not alone. This was the one occasion, and a rare one, when export programs were able to enjoy their own moment on the Washington stage. Habits of mind apparently die hard. As a democratic nation, we gave up the king over two centuries ago, but when the topic at hand is international relations, we still automatically search for majesty. Let us hope that the TPCC Report will provide some of the additional focus that exporting requires to come into its own as a national priority.

The third issue in the politics of exports is the differing demands on government of our major corporations and our small and midsized exporters. In terms of program delivery, major corporate exporters have only two requirements. They need government support in export and overseas project finance and they need government advocacy to help land major project business in the Third World, Eastern Europe, and the Soviet republics. The major corporations are well organized and effectively represented in Washington. And in getting their message across to government, they often are of great help to the smaller exporters who have limited representation and a frail voice.

A good illustration of this situation was the recent Congressional decision over the Export-Import Bank's fiscal 1994 budget. The Eximbank has been bursting at the seams with increasing demands on its capacity, as U.S. exports keep growing, especially in Latin America and Asia, and as companies turn to the more difficult markets of East Europe and Russia. The government's budget squeeze, however, threatened to cut the Exim subsidy ceiling just when those funds were most needed to sustain the export drive that has fueled much of our economic

expansion in recent years. Fortunately, the major corporations took the lead in getting the word out, and the result was a strong effort by small businesses, labor unions, and state governments to let Congress know how much was at stake. Congress responded with a supportive budget for the Bank that serves the interests of small and large exporters alike.

In much of the export promotion system, however, the organizational terrain with which the TPCC Report deals, small and midsized exporters are the main targets of these services. For the smaller company, the government's array of programs in counselling, information, marketing activities, business contacts, and project development work is urgent and indispensable. We have been in the ironic situation in which the targets of these programs --small and midsized exporters -- are not organized to voice their needs, to provide much input for program designers, and to let Congress, which authorizes and appropriates the money for these activities, know how important they are. The result has been the lack of integration among the departments and agencies that the TPCC was established to correct. The TPCC, and the new Report, therefore, are an important attempt to overcome this lack of private input and to fashion a stronger system over time.

The Report's Contribution

The TPCC Report's contributions are of two kinds. First, it is a helpful response to the three political conditions I have referred to. It can help to advance the priority of exports on the national agenda, it can help to upgrade the status of government programs in the face of the traditional built-in reliance on trade negotiations as the major expansion strategy, and it can help design integrated export programs for the small and midsized companies that have been unable to play an adequate role to date. The simple appearance of the report and all of the associated

publicity that went with it can't help but raise Washington's awareness of the export development job ahead.

The second contribution of the Report, of course, is in its details. It offers a comprehensive menu of issues and recommendations, but I would like to comment only on two sets of them.

For the major corporate exporters, the TPCC has responded, as it should, to the two main requirements of these companies. On the finance side, an accompanying announcement rather than the Report itself indicated that the White House has decided to create a new \$150 million fund with which to do battle against the subsidized credits of other governments. It is still misty where the money will come from, but \$50 million is expected from the Eximbank. This exercise should be watched for the light it sheds on how the new strategy will work in reallocating resources among federal agencies. The second decision to help larger exporters is a plan to set up an interagency "advocacy" group to put together whatever it takes -- financing, feasibility studies, representation by high U.S. officials -- to help land major projects.

For the smaller and midsized exporters that are the beneficiaries of most of the Report's recommendations, the Report offers a lot, but I would like to comment on three items: (1) export finance, (2) the proposed one-stop shop strategy, and (3) the issue of how to work with beginner exporters.

On export finance, the Report acknowledges the importance of so-called pre-shipment working capital requirements for smaller firms, and offers some strategic recommendations. This has been widely identified as a service of growing importance. In recent years, the Eximbank has greatly expanded the use of its working capital program, which is, in fact, one of its

fastest-growing activities. The Report calls for Eximbank and the Small Business Administration -- which has a similar program with which it has done only a little -- to merge their facilities into the same program and to split its delivery, with SBA taking the smaller transactions and Eximbank the larger ones. The Report also calls on Exim and SBA to work more closely with the state governments, several of which now offer working capital assistance. The Report even gives the SBA one year to demonstrate its ability to deliver, and failure will mean transfer of the entire effort to the Eximbank. That is what the document says, and we have to take it seriously until experience shows us not to.

On export program delivery, the Report adopts the use of one-stop shops, or single locations for the Commerce Department, SBA, and Eximbank local offices. This is meant to overcome what has been a perceived weakness in the present system, in which government agencies are located in scattered places and exporters find it difficult to work their way through the maze of institutions.

These two planned steps -- improving the delivery of working capital finance and facilitating smaller exporters' access to government information, counselling and marketing programs -- are a sensible response to two of the major complaints by small businesses over the years.

A third issue addressed in the report is how to help beginner exporters. Here U.S. policy has changed in recent years. Today the Commerce Department focuses on companies that are "export-ready," meaning they have already entered the field and can benefit from some added government coaching and services, or they are recognized as capable of getting into exporting on the understanding that they can develop sales quickly. This contrasts with the policy of earlier

years in which Commerce considered it a duty to expand the ranks of exporters by encouraging firms to start and to take a lot of beginners by the hand. Today the Department does not have the resources to do it all, and the SBA has increasingly picked up the role of encouraging and training the beginners.

The TPCC Report appears to confirm this division of responsibilities and to propose, though somewhat vaguely, the creation of Trade Assistance Centers around the country to work with the beginners. These centers, as I understand the plan, will be set up through the one-stop shops over time and be funded by federal and state grants. They are an outreach strategy and a network to help the beginners.

In my judgment, we should have a two-tier system. The Commerce Department and the Eximbank should be the centerpiece of that system, and if the SBA can deliver on export finance then it should be part of it too. This is a system for companies that are active in exporting and can significantly expand their overseas sales with some well-targeted government help.

The second tier is a nationwide network of institutions to help beginner exporters. Here I think the SBA has an important role, along with state governments, colleges and universities, especially through their Small Business Development Centers. I would suggest two reasons to support this second tier. One is that we need to enhance our export culture, and that means responding to the many "wannabees" out there who are vaguely interested in learning something about exporting. It is a fairly inexpensive public service that can benefit from an integrated national system using a single set of learning materials. A second reason is that global competition can only be met with upgrading our skills as a nation, and exporting is an important skill. Not until the Trade Assistance Center plan is more fully sketched out, can we evaluate it.

But, for now, I think it is an important element in the nation's capability.

What The Report Thus Far Omits

The TPCC Report covers a great deal, but I would like to see the group address publicly three other matters more fully in the future, and expect that it will do so. These three issues are:
(1) the unified federal export budget, (2) the call for a public-private partnership in delivering export programs, and (3) agency-specific actions to improve the system.

On the unified budget, the Report indicates that the effort to produce an integrated allocation of export development resources will begin with fiscal 1995. That means the White House budget proposal due in late January or early February. That is a big commitment, even if the process begins modestly, with some initial adjustments adopted in the year ahead. Some critics of the Report have faulted it for not coming up with a unified budget immediately. But this is not realistic. The budget effort, however, will be the really critical test since producing a unified budget also means redefining the roles of the various agencies delivering export programs. Congress will have the final word, and it may be a difficult job for Congress to agree on adjustments in pet programs. The TPCC, however, has wisely proposed that the budget process be conducted within the Executive Branch by the Office of Management and Budget, the National Economic Council, and the TPCC itself. This assembles sufficient political clout within the Administration to produce a unified proposal.

On the public-private partnership, I would like to see the TPCC adopt some guidelines or general principles for giving away money to the nationwide network of organizations. In my opinion, four institutions offer the most promise. Commercial banks have long been the main outreach or delivery system for the export finance function, but they don't need federal grants.

State governments are increasingly important players in both export promotion and export finance. They are a major resource, and can provide their own matching grant funds to local delivery mechanisms. Industry associations are now increasingly active too in delivering export promotion programs to their members, and represent a valuable resource in many cases to deliver the federal product. Finally, colleges and universities, including those with Small Business Development Centers have know-how and financial resources with which to produce and deliver programs.

Beyond these four kinds of institutions, the field is pretty spotty, though other organizations across the country can be found to deliver programs. I would suggest three general principles for the U.S. Government to disburse money to any of the institutions. First, the organization should demonstrate that it has staff -- either in-house or hired for the project -- to handle the activity. Second, the group should provide matching funds, and much of this has to be in cash, not "in-kind," though in-kind support can be reasonable. Third, the organization should be prepared to graduate off the federal purse strings. Once it becomes known that the government intends to hand out grants, it will be besieged, and had better have some clear rules. The Commerce Department recently launched its Cooperator program as a good example of this kind of grant-giving. Exceptions could be made in some cases, such as small projects and small grants, efforts to support new activities by ethnic minority groups, and other programs that might call for new groups to be established. Otherwise, I think the recipients should have to demonstrate that they can deliver.

On agency-specific adjustments, I would like to comment on the Commerce Department, the Small Business Administration, and the Agency for International Development.

The Commerce Department, in my judgment, should be enhanced and strengthened as the lead institution in the U.S. export promotion system. Commerce has declined steadily over the past ten years as several other institutions have entered the export field without any relationship to what the Commerce Department has been doing for several decades. From its earlier primary position, it has found itself sitting on the sidelines while considerable amounts of money have flowed into other agencies' budget for activities that Commerce could -- and often should -- have been called on to do. The TPCC process has already strengthened Commerce's position.

The Small Business Administration has two important roles to play, one in export finance, the other in helping beginner exporters. In export finance, the SBA has a sizable field network to reach the smaller exporter, and a capacity to deliver the necessary guarantees. But SBA has modest experience with export working capital lending, and will have to train field office staffs. I understand this process will get underway soon in the four pilot locations for the one-stop shops. I would suggest that SBA consider hiring local consultants to deliver some of the working capital program if it is not possible to develop an adequate cadre of in-house staff in a reasonable time period. The agency is highly decentralized, and where it has chosen on a regional basis to support export finance it has shown it can do so. In Region Four centered in Atlanta, for example, the agency has done a considerable amount of working capital work. That has demonstrated its potential. The SouthTrust Bank of Alabama, for example, with units throughout the Southeast, has done SBA export deals over the past several years. What SBA has lacked until now is a commitment at the top to allocate the resources. The TPCC process suggests the agency is now prepared to make that commitment.

On the export promotion side, SBA has five units. The Washington-based International Trade Office needs to be more clearly focused as a program design unit, building programs that can be delivered by the field network. I think it would help if the unit was somehow raised in the organization chart, if exports are to become a serious SBA focus. The SBA field network, in my view, should be focused on educating and training new-to-export firms and help build the nationwide Trade Assistance Centers. SBA has had ten regional export coordinators that have backstopped the local offices. But these are due to be eliminated in a reorganization, which could be a loss (even though the people involved will be shifted to the local offices).

The SBA SCORE group, retired experts including those with export know-how, remain a valuable counselling resource. The SBA's network of Small Business Development Centers is an important national resource that merits increased funding. With Commerce focused on the export-ready universe of companies, SBA has the potential for a far more active role in exports. The TPCC will have to decide whether the agency should retain any role in overseas promotion events.

The Agency for International Development was barely covered in the TPCC Report, and that is a serious gap. The TPCC decided that AID was due to be restructured anyway, now that the White House is designing its future and Congress intends to rewrite the agency's authorizing legislation.

AID has become increasingly active in U.S. exports in recent years, and has important potential to help U.S. firms within its mandate to assist the economic development of countries in the Third World, East Europe, and the Soviet republics. While the agency wants to avoid becoming an export promotion organization, in helping its target nations it has been supporting

business links with U.S. companies through trade, investments, joint ventures, technology transfer, and advice.

AID poses several problems for U.S. companies, especially smaller firms, that want to work with it, as well as for the U.S. export promotion system that the TPCC was created to strengthen.

First, the institution is highly decentralized and delivers its programs increasingly through contractors and grantees. Where these sub-groups seek relations with U.S. business, companies may be contacted, but there is no assurance that they will be. More to the point, companies have little, if any, way of monitoring AID programs and taking the initiative to contact the agency.

I receive calls frequently from subscribers asking for help in keeping up with what AID does. I think the agency's activities should be a matter of public knowledge. After all, they are taxpayer-supported, and are supposed to be aimed at the U.S. business community in many cases. My own experience in trying to monitor the agency suggests some real problems. I would like to cite just two experiences. In the first case I tried to write an article on the agency's Small Business Office, whose role over the years has been to inform smaller companies on AID programs, so that small companies can find business opportunities in AID operations. Incidentally, many of the calls that I receive are from large companies seeking help in dealing with the agency. When I called the AID Small Business Office I was unable to find anyone who would agree to meet with me. I then turned to the agency's press relations office for help. The word eventually came back: the office director did not want any publicity, no article. This was a message, incredibly, from a unit within the institution whose role is to reach out to small business and keep it informed.

A second experience a month ago was similar. AID in September 1992 created a Center for International Trade and Investment Services to keep private groups informed on its programs. The Center, which is operated by a contractor, has access to project abstracts that have been created for each program. These can be accessed by country or sector. The group appears to have done a decent job of answering phone calls and sending these abstracts out to callers. When I called to write an article, however, the director of the unit would not speak with me, and directed the person I had initially spoken with not to send me any further materials.

I recognize that government agencies are sometimes uneasy in dealing with publications. Still, these are instances in which AID has been hiding itself for reasons that no one can figure out. I certainly am not an investigative reporter looking for dirt and scandal, but rather a business service trying to keep the U.S. business community informed on programs with which it might participate. It seems to me that something is terribly wrong here.

A second problem at AID is that the agency is confused over its export promotion role. While it stoutly resists any pressurese to become a promotional institution at the top, in the lower reaches of AID its officials are justifying their activities by claiming to be a promotional unit. The agency's Center for International Trade and Investment Services offers a good example. The unit states in its own literature that it offers research and counselling services to businesses and others on overseas markets, and that it uses a variety of databases in this work, including the Commerce Department's National Trade Data Bank, United Nations sources, SBA databases, and private resources. What the unit is saying, inadvertently, is that it is performing a role that the Commerce Department should be handling. This is the very kind of problem that the TPCC was established to deal with. Let's hope that it does so in the near future.

A third problem for exporting raised by AID is that in recent years the agency has become the banker for the U.S. Government. AID has sizable sums of money to spend, in sharp contrast to the meager budgets of the Commerce Department and the Trade and Development Agency. Now that AID has moved into new territory in East Europe and the Soviet republics, it has become the source of money for other agencies. The Trade and Development Agency and Commerce have to go, hat in mind, to seek money for their operations in these regions for activities that the funding institution -- AID -- insists at its highest levels are not its role. We find the ironic situation in which an institution created in the context of the Cold War is doling out money for purposes in which it disclaims any interest. American exports -- and American exporters -- are the losers.

In my judgment, the reshaping of AID should be accomplished in part through the TPCC process. While AID has a number of roles other than support for economic development, its growing involvement with U.S. international business calls for a close overview by the TPCC. The Subcommittee might want to take a look at this agency's relations with small business.

In summary, the TPCC process is off to a promising start, and hopefully will maintain a dialogue with the exporter community to receive the benefit of its experience.

Small Business Exporters Association

Testimony of the

SMALL BUSINESS EXPORTERS ASSOCIATION

before the

Subcommittee on Rural Development, Exports and the Environment

of the

U. S. House Committee on Small Business

October 26, 1993

Exporting for America's Economic Security

4603 John Tyler Court • Suite 203 • Annandale, Virginia 22003 (703) 642-2490 • Fax (703) 750-9655 Thank you, Mr. Chairman, for the opportunity to submit testimony for your committee this morning. I am Dwayne Poteet, International Sales Manager, Midmark Corporation, Versailles, Ohio. I am also President of the Small Business Exporters Association headquartered in Annandale, Virginia.

Our statement today is on behalf of the many thousands of small-midsized manufacturers-some of whom are exporting and many more who are would-be exporters.

Virtually everyone recognizes the contributions made by small manufacturers to America's economy. There is also greater recognition today in the media and in the international business community of the contributions that small and mid-sized manufacturers are making to America's exports. It has been the good news in an era of economic and employment bad news.

The Small Business Exporters Association is, in my experience, the only organization of its kind, addressing and advocating the international business needs and concerns of the dynamic small and mid-sized manufacturing sector.

We believe this hearing to be timely and potentially the watershed for directing the Federal Government's role in improving the export performance of small business. Before commenting on the Trade Promotion Coordinating Committee's report to the Congress, let me briefly address what small and mid-sized exporters require to boost international sales. Besides adequate and accessibility to financing, we need useful and reliable information which can be accessed efficiently and economically. At this time, there is a broad array of information sources and as many means to access that information. By and large, however, the original sources of the information are the Commercial Sections of our Embassies and Consulates abroad. The Commercial Sections have little competition in

creating this information economically because of their unique position in the markets, their unique access to foreign governments and the generally positive and cooperative relationships these staffs have with our potential customers, distributors and joint venture partners abroad.

The position of the Small Business Exporters Association is that we must focus our best management, financial and staff resources where the most valuable information can be most efficiently and economically generated.

To specifically address the TPCC report, I submit the following. THIS IS A BEGINNING. We still have 19 agencies involved. We still have turf that WILL be protected and prerogatives that will not be easily given up. The central authority of the TPCC chairman has not really been tested and will not be until the question of a unified trade promotion budget is put forth.

The positive aspects of the report, Export Control reduction and hopefully fully streamlined to reduce the number of products/technologies that controls apply to and the speeding up of the licensing and approval process. This will or already has had an immediate impact on exports.

Advocacy on the scale this Administration is talking about is welcomed by all American business interests as a positive and long overdue regimen to strengthen our international position. We recognize that high level advocacy will be availed to promote the interests of major business interests and we have no quarrel with that. By the same token however, we would expect that SMEs can also expect this type of support when needed.

One Stop Shopping may, in time, prove to be a worthwhile investment. Certainly, the business community will applaud the TPCC effort to help SMEs get good, professional help in working through the Federal maze. Unfortunately the success or failure of this concept will not be known for several years.

The role of the SBA in delivering the kind of help new-to-export companies require is questionable. The bureaucracy and the mindset of SBA doesn't give one the confidence that SBA is up to the task of having a meaningful impact on elevating new-to-export companies to any real degree of export competency. SBA's role should be seriously questioned, either by GAO or the private sector users of these services.

There really isn't in the TPCC report, laudable as the effort is, much that gives one the confidence that much will change for SMEs over the next several years. Perhaps what follows is worth considering.

Our trade apparatus is not responsive to the needs of the exporting community, especially small and mid-sized manufacturers. We need better organization. A DEPARTMENT of INTERNATIONAL TRADE, could take the lead in all areas of exporting; promotion, finance and policy. There are now in excess of 6,000 Federal government employees involved in trade-related activities. A centralized Department of International Trade would eliminate duplication and reduce personnel needs, providing a leaner more focused federal effort.

Nowhere in the report are incentives to export mentioned. Most of our competitors' Tax Systems are Valued Added. When they export products, they get tax credits for Value Added Taxes already paid. This is also GATT compatatible. U.S. exporters have the full

weight of the U.S. tax system on their exported products plus the additional burden of the VAT of the country importing these products. This adds to the competitive disadvantage American goods face in that country as well as imported competitive goods.

Why not make "EXPORTING a NATIONAL PRIORITY" with a creative plan for incentives which will create jobs, and higher paying jobs at that. This Administration is offering tax incentives to businesses that locate in inner cities. This is a laudable social goal. Since U.S. economic security relies to a large extent on our global competitiveness. Let's implement "EXPORTING AS A NATIONAL PRIORITY" with a moratorium on taxing the profits of exported goods for 3 to 5 years for companies with sales of under \$50 million. The moratorium would be on sales increases for existing exporters and all export sales for the new-to-export manufacturer. If incentives are desirable for achieving social goals why not turn the incentive lion loose to create an export effort worthy of the world's only superpower.

We are dedicated to making "Exporting a National Priority" and hope this subcommittee has the same dedication.



ARE YOUR INFORMATION SOURCES AS CURRENT AS THEY SHOULD BE?

New York City-based Trade Promotion Firm Offers Aid to International Trade Community

n today's hignly competitive world of international sales and marketing, current information sources may make the difference between good business opportunities that spell success or a company's failure to grow and prosper.

A New York Cirv-based international trade promotion and consulting firm, Assist International, offers the opportunity for both private sector firms and international trade service organizations to gain access to up-to-dute resource information that can enhance their prospects for doing business abroad. In a broad consults with governmental and private sector organizations, businesses and individuals on issues unyolving international trade.

To better serve the international trade community, Assist International has just published its premier edition of The Internationalist, which consolidates into one source the vast array of trade organizations and programs found in the transitional service area.

The publication was developed with the support of the New York District Export Council and will appear three ames a year: January, May, and September. Each issue will include the various state and federal government agencies, world trade organizations, and binational and multinational chambers located in the tractic area. It will also include a calendar featuring the range of trade onented programs, contrenencs, and educational opportunities in the area so that importers, exporters, traders, entrepreneurs, and service providers can easily locate events that are of particular interest to them.

Additionally, Assist International publishes professional reference materials, databases, mailing lists, and other intormation of particular interest to exporters, importers, world trade clubs, economic development agencies, and other businesses.

Biweekly, Assist International publishes Global Glimpses, a newsletter on resources and tools available to the inter-

nauonal trade community to enhance its participation in the global marketplace. The "5" Grade, published by Assist Internauonal, functions as an internauonalist's guide to service providers, which includes references to sources of information and assistance in a wide range of internauonal related uses, customs brokerage and freight forwarders to insurance, legal, public relations, translation services, and published materials.

For more individualized one-on-one programs. Assist International presents a series of informational workshops focused on international trade and the resources and tools available to today's foreign traders. These sessions are generally limited to only four individuals per session and are compatible to one's business schedule.

Listed among Assist International's clients are the U.S. Small Business Administration, AT&T, World Trade Club of New York, National Association of Export Companies (NEXCO), New York Chamber of Commerce, and the United Nations Industrial Development Organization (UNIDO)

Peter J. Robinson, Jr., founder and president of Assist International, has served in the international trade arena in both public and private sectors. For twelve years Robinson served in governmental export promotion working as an international trade specialist for the New York State Department of Economic Development and for the Brazilian government (Petrobras/Interbras).

He also currently serves as a board member of the World Trade Club of New York, Regional Coordinator for Entrepreus International, Executive Director of the National Association of Export Companies (NEXCO) and a cofounder of Minority International Network for Trade (MINT).

Assist International is located at 60 Madison Avenue, 2nd Floor, New York, New York 10010-1600, Telephone: (212) 725-3311; FAX. (212) 725-3312. ■



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Global Glimpses_®

Volume 2 : Issue 12

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■ PUBLICATIONS ■

Strengthening America's Competitiveness: Profiles of Leading Community College International Trade Centers

This book provides case studies of six leading international trade centers. The authors conducted site visits and interviewed center directors, clients, college administrators, and faculty to identify the strategies underlying each center's establishment and success. Cost is \$20; \$15 for AACC members.

[American Association of Community Colleges; AACC Publications; P.O. Box 1737; Salisbury, MD 21902]

World Class Service

World class service is sensitive not only to the cultural predispositions of the customers but also to the dynamics of the organizational culture and to the culture of the employees and the locale. The implications of world class service are explored from four perspectives: business strategy, marketing, human resources, and customer contact. Available for \$19.95.

[Intercultural Press, Inc.; P.O. 700; Yarmouth, ME 04096; Telephone: (207) 846-5168; FAX: (207) 846-5181]

Who's Who in Canada

This book provides information on the leaders of Canadian business, professions, and government. Included is each person's title, corporate identification, address(es), directorships, and business interests with their complete personal data. Cost is \$30.

[International Press; P.O. Box 3185; Station D; Willowdale, CANADA M2R 3G6; Telephone: (416) 946-9588; FAX: (416) 946-9590]

Conflict Among Nations: Trade Policies in the 1990's

This book is a study of trade policy making and strategy in Japan, Germany, South Korea, Taiwan, Brazil, the European Community, and the United States. It is based on interviews with government officials, business

leaders, and academics in these countries. The book covers themes such as: Japan's ascendancy, the unification of Europe, the emergence of new Asia trading powers and the future of GATT. Cost is \$49.85.

[Westview Press; 5500 Central Avenue; Boulder, CO 80301-2877; Telephone: (303) 444-3541; FAX: (303) 449-3356]

Russian-English/English-Russian Dictionary of Free Market Era Economics

This commercial dictionary was compiled as a result of the need for a comprehensive re-

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Send materials to: Global Glimpses ASSIST INTERNATIONAL 60 Madison Avenue, 2nd Floor New York, NY 10010-1600

[Listings in Global Glimpses do not constitute an endorsement of products/services.] source of new terms that have come into use as Russia has moved to a market-oriented economy. The book is designed to help the user understand new terms and those rarely used in the former Soviet Union. It primarily covers areas such as accounting, marketing, financial markets, insurance, and patents. Available for \$45.

[McFarland & Company, Inc.; P.O. Box 611; Jefferson, NC 28640; Telephone: (919) 246-4460]

Asia Pacific Business Travel Guide

Twenty-three countries are listed in this year's edition of the Asia Pacific Business Travel Guide, with segments on historical background, goveconomic ernment. indicators, current events, the business scene, and tourism. Each chapter includes travel notes on local customs, business clothing standards, taxes, and duties. Also included are international flight schedules throughout the Pacific Rim. Available for \$16.95.

[Seven Hills Book Distributors; 49 Central Avenue; Cincinnati, OH 45202; Telephone: (513) 381-3881; FAX: (513) 381-0753]

European Business Services Directory

This directory lists over 20,000 European companies which provide essential business services - from lawyers and accountants to advertising agnecies and other consultants - to help businesses

establish ties in European markets. For cost information, contact Gale Research, Inc.

[Gale Research Inc.; P.O. Box 3347; Detroit, MI 48232-5477; Telephone: (313) 961-2422; FAX: (313) 961-6083]

International Trade Law and Practice 2nd Edition Volume II

This volume looks at international payment mechanisms and sources of international finance. Capacity, sovereign immunity and Acts of State, remedies for breach of contract and dispute settlement are all studied; and customs valuation codes, dumping, subsidies, and GATT are all explained. Publication is available for US \$135/£75.

[Euromoney Books; Plymbridge Distributors Ltd.; Estover; Plymouth, ENG-LAND PL6 7PZ. Telephone: (44) 752 695 745; FAX: (44) 752 695 668]

MARKETING

Registered International Correspondents for Exporting

This is an international business club, based in France, whose goal is to develop new opportunities between French and foreign companies. The benefits to foreign companies that join are: new opportunities to penetrate the French market; promotion of members' international activities; providing office services when required and an invitation to the annual conference in France. (Air tickets are offered to RICE members after attending the first year.) For more information on benefits and services, contact Mr. Franck Planquais.

[Registered International Correspondents for Exporting (RICE); Pont de Paris; 60000 BEAUVAIS; FRANCE; Telephone: (33)44-79 80 71; FAX: (33)44-48 47 19]

■ TRADE EXHIBITIONS

09/20/93 - 09/24/93

Matchmaker Trade Delegation to Singapore and Hong Kong

This delegation will match U.S. manufacturers of consumer goods and housewares products with potential representatives, distributors, and joint-venture or licensing partners. The delegation will be open to senior executives from 20 qualified U.S. companies. Participation fee is \$2,300. For more information contact Stephan Kanlian at (202)482-1793.

[U.S. Department of Commerce; Room 2012; Washington, DC 20230; Telephone: (202)482-1793; FAX: (202)482-0178]

TRADE MISSION

09/28/93 - 10/01/93

Consulting Services Trade Mission to Mexico City and Guadalajara, Mexico

The potential for U.S. consulting firms is high in this market and should increase over the next few years as government and private entities seek to optimize their resources. The U.S. Embassy in Mexico will make arrangements for a complete schedule of briefings, appointments, and receptions for each participant.

[U.S. Department of Commerce; Office of Service Industries, Room 1110; 14th

Global Glimpses® is a biweekly publication of ASSIST INTERNATIONAL providing information on resources and tools available to the international education and business community. A yearly Subscription is U.S. \$60 plus applicable state and local taxes. Purchase orders add U.S.\$7.50 per order. Single issues are \$3.00. Make checks payable to: ASSIST IN-TERNATIONAL, 60 Madison Avenue, 2nd Floor, New York, NY 10010-1600, (212)725-3311.

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[Global Glimpses is available for insertion in newsletters and other publications or for distribution to clients/members.] St. & Constitution Avenue, NW; Washington, DC 20230; Telephone: (202)482-0345; FAX: (202)482-2669]

■ TRADE SHOWS

U.S. Pavillions at the Plovdiv and Bucharest Fall Fairs

Sept. 27-Oct. 3 and Oct. 11-17. Both Bulgaria and Romania have embarked on ambitious reform programs that include democracy, transition to a market economy, and privatization of state owned industries and have shown remarkable stability to date. Best prospects include food processing, energy/environment, telecommunications, electronics, and medical technology.

[U.S. Department of Commerce; 14th Street & Constitution Avenue, NW; Washington, DC 20230; Telephone: (202)482-4915]

09/01/93 - 09/05/93

Aerospace 93

This is the largest aerospace event in Russia and is the fourth in a series. The U.S. government has actively promoted Russia as a good opportunity for U.S. firms. Moscow Aerospace '93 is also supported by the Ministry of Aviation and various industry- related organizations in Moscow. Produce categories include: fixed wing aircraft, helicopters.

space technoogy, components, electronics, ground support equipment, on board eqipment, aerospace construction, maintenance, communications, and training.

[Global Tradeshow Services, Inc.; 4020 Thornton Court; Annandale, VA 22003; Telephone: (703)941-2420; FAX: (703)941-1480]

09/14/93 - 09/17/93

Telecom Network '93

Telecom Network '93 is Europe's leading business telecommunications trade event. The show was held twice in 1992 and hosted over 340 exhibitors and nearly 40,000 attendees. The demand for U.S. products in the French telecommunications continues to be strong. Market opportunities are expected to grow with the establishment of the European Single Internal Market. The show will be held in Paris, France.

[Bruno Blenheim Inc.; Fort Lee Executive Park; One Executive Drive; Fort Lee, NJ 07024; Telephone: (201)346-1400; FAX: (201)346-1602]

09/21/93 - 09/25/93

Seoul Instrument '93

This fair is open to those firms seeking markets of laboratory and analytical instruments; physical, chemical, and pharmaceutical analysis instruments; computer-aided and computer-based analytical instruments; data processing equipment for laboratories; lasers, and process control instruments.

Information & Resources for Today's Internationalists

Special exhibit areas will be set aside for U.S. exhibitors in the American pavillion.

[U.S. Department of Commerce; 14th Street & Constitution Avenue, NW, Room 1015; Washington, DC 20230; Telephone: (202)482-2291; FAX: (202)482-0975]

10/04/93 - 10/08/93

Saudi Healthcare '93

The organizer, World Access Corporation, plans to recruit 24 U.S. exhibitors. The U.S. Pavillion, to be held in Jeddah, Saudi Arabia, will feature the latest technology in the field of hospital services and equipment. The exhibition will provide an excellent opportunity for U.S. firms to to exhibit and sell all types of medical eqipment and systems in Saudi Arabia.

[World Access Corporation; 15 Bennis Road; Wellsely,

MA 02181; Telephone: (617)235-8095; FAX: (617)235-7360]

SEMINARS

August 16 - 31, 1993

BASICS

08/17/93 - [New York, NY] The Language of Trade: Mastering the Deal Assist International [(212)725-3311]

08/18/93 - [New York, NY] Trade Leads: How to Find Them and How to Use Them Assist International [(212)725-3311]

COUNTRY-CHINA

08/20/93 - [Fort Lauderdale, FL] Expand Your Export Markets! Target: Greater China World Trade Center Fort Lauderdale [(305)359-3615]

COUNTRY-RUSSIA

08/20/93 - 08/21/93 [Vail, CO] Daing Business in Russia Russian-American Chamber of Commerce [(303)689-8785]

DOCUMENTATION

08/24/93 - 08/26/93 [Kansas City, MO] New UCP 500/Mexica and Canada Documentation Global Training Center [(513)254-0585]

EXPORTING

08/25/93 - 08/26/93 [Birmingham, AL] Export Seminar U.S. Department of Commerce [(205)731-1331]

FINANCE

08/16/93 - 08/17/93 [Charlotte,, NC] Export Finance Conference Bankers Association for Foreign Trade [(202) 205-6720]

08/24/93 • [New York, NY] Alternatives far Trade Financing: Expanding Your Knowledge of Who is Financing Assist International [(212)725-3311]

IMPORTING

08/18/93 - [Minneapolis, MN] Principles of Drawback Fritz Companies, Inc. [(415)904-8414]

08/23/93 - 08/27/93 [San Francisco, CA] U.S. Customs Broker Exam Preparation Fritz Companies, Inc. [(415)904-8250]

LICENSING

08/19/93 - [Portland, ME] Expart Licensing Warkshap US Department of Commerce Bureau of Export Control [(603) 598-4300]

08/25/93 - 08/27/93 [Huntsville, AL] Expart Licensing and Controls Seminars
North Alabama International Trade Association [(205)461-1147]

TAXATION

08/19/93 - 08/20/93 [Houston, TX] Foreign Sales Corporation Update & Compliance Workshop FSC/DISC Tax Association [(914)694-1065]

SPECIAL ALERT

The second issue of *The Internationalist*, the Journal of International Activity, will be available in September. To obtain a copy of *The Internationalist* send a check for \$5.00, payable to Assist International, 60 Madison Avenue, 2nd Floor, New York, NY 10010.

About. . .

ASSIST INTERNATIONAL is a trade promotion and consulting group dedicated to providing today's international community [Individuals, firms, organizations and governmental agencies] with timely tools and resources to be effective in the ever changing global market. Services include publications, mailing lists, program enhancement and management, speakers burean and consulting services. Present clients include AT&T, U.S. Small Business Administration, National Minority Supplier Development Council, National Association of Export Companies and the World Trade Club of New York.

Peter J. Robinson, Jr. was formerly Bureau Chief - Export Education and Promotion for the New York State Department of Economic Development. He has over twenty years of international business [export/import] and governmental expertise. He sits on the New York District Export Council and the International Trade Task Force of the President's Commission on Minority Business Development. Ile also serves on the Board of Governors of the National Association of Small Business International Trade Educators.

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Cutting Red Tape Opens Mexico to Small Companies

Following the debate swirling around the NAFTA, one might think that the NAFTA's future matters only to huge, multinational corporations. Not true. Enterprises of every size - and their workers - will gain from more open trade with Mexico, but the NAFTA presents special opportunities for small- and medium-sized businesses which have been a fertile source of economic growth and new jobs in America for the past decade.

Each week, the Department of Commerce advises over 1,000 small businesses on how to capitalize on new market opportunities created by the NAFTA. The Administration sees the possibilities and the benefits that a free trade agreement will bring to this important growth sector of the U.S. economy.

Some benefits, like the lowering of import barriers that have always been higher for U.S. companies going south than Mexican companies heading north, are

obvious. The NAFTA equalizes tariffs that discriminate against U.S.-based manufacturers. Goods coming from Mexico into the U.S. now pay only a 4 percent duty, less than half of the 10 percent on American goods sold in Mexico. Local content rules that effectively shut out U.S.-based producers of finished goods will also be eliminated.

Less obvious, but probably of more importance to smaller firms, the NAFTA will cut red tape and paperwork. A crossborder paper chase rife with local regulations and bureaucratic entanglements is much harder on smaller companies with fewer resources than on the multinationals. These costs can be extremely high and, in combination with tariff and transportation costs, often discourage small businesses from risking entry into what might be a lucrative new market for them.

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A Public/Private Partnership of the New York District Export Council & the Area's International Trade Community

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Programs & Services* Connecticut

GOVERNMENT



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*Most services of the states are designed for manufacturers in that particular state. Some services are available for brokers, distributors, and exporters. Please verify with your state to see how you qualify.

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New York

Mr. Barry Spaulding Deputy Commissioner NYS Department of Economic Development Division of International Trade 1515 Broadway, 51st Floor New York, N.Y. 10036 TEL:(212)827-6200 FAX:(212)827-6279

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Page 2

Internationalist

September 1993 - December 1993





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Brooklyn Chamber of Commerce
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Brooklyn Goes Global
TEL (718875-1000 FAX (718)237-4274
TEL (718)237-4274

Ms. Mary Mokka

Buffalo World Trade Association

P O Box 39 Buffalo, NY 14150-0039

Buffalo, NY 14150-0039
TEL: (716)842-3020 FAX: (716)875-1613
The Buffalo World Trade Association, established in 1921, is a not for profit organization dedicated to promoting good will and trade between the people of the World. The BWTA works towards this goal by sponsoring monthly dinner speaker's addressing topics of interest to the membership.

Mr Tom Valentine President

Capital Region World Trade Council P.O. Box 1012 Albany, NY 12201 TEL: (518)783-8638 FAX: (518)783-6147

Mr Larry Bowman

President Chemung County Chamber of Commerce International Trade Committee

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Mr. Peter Gioia

Connecticut Business & Industry Association

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370 Asylum street Hartford, CT 06103-2022 TEL: (203)244-1900 FAX: (203)278-8562 CBIA's International Trade Council acts as a clearinghouse of information on international trade for Connecticut companies

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Mr. William Shively

President Connecticul International Trade Association P.O. Box 231341

P.O. Box 231341
Hartiord, CT 06123-1341
TEL: (203)688-0799 F.AX: (203)683-0406
The Connecticut International Trade
Association was founded in 1970 as a
non-profit organization to promote
international trade through the
and ideas among its members and
guests. CITA's gools are: build awareness to the importance of international
trade to Connecticut's economy, educate
members and the public about world
members and the public about world
the development of world trade.

Mr. James C. Nicholas

Mr. James C. Nicholas Executive Director Connecticut World Trade Association 177 State Street, 4th Floor Bridgeport, CT 06604 TEL: (203)336-5353 FAX: (203)331-9959

TEL: (203)336-5355 FAX: (203)331-9959 CWTA is a private, non-profit corporation which is a central resource for information, contacts and programs to facilitate two-way trade. Part of an international private properties of the private state of the private state

Mr Jay Mittleman International Trade Specialist Greater Syracuse Chamber of Commerce Commerce
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Middletown, NY 10904 TEL: (914)427-2602 FAX: (914)343-1228

continued on page 4

INTERNATIONALIST

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- Translators
- World Trade Clubs

25.00% copie of this issue of the internationalist are distributed to the area s tederal & states internanonal trade offices, local world trade clubs, regional international organizations, bi-national and multi-national chambers, educaaonai institutions and at semiaars, conferences and special events icheduled in the m-state

> JOIN YOUR LOCAL WORLD TRADE CLUB!

International



CONTACTS

Mexico - continued from page 1

Under the NAFTA, entering the Mexican market will be only slightly more complicated than selling across state lines. And, as ties and information business networks appear and relationships develop, costs will drop further. Commerce is already building bridges and connections between the two communities. In March, the Commerce Department brought 37 small businesses to Mexico City for a matchmaker event at the U.S. Trade Center. This one event generated 164 sales leads, 13 distributorship agreements and two joint-venture contracts.

Joining forces makes good sense. Mexican consumers want U.S. goods, and Mexican businesses want to help us sell them. In fact, for every dollar earned in Mexico, 15 cents is spent on U.S. goods, compared to only two cents in Japan and Europe.

NAFTA locks in gains the U.S. has seen in the five years since Mexico began to open its commercial borders. These intermediate steps have been a tremendous boost to American companies - 47 out of 50 states have increased exports to Mexico since 1987, and over 400,000 new U.S. jobs have been created by the increased trade.

Indeed, explosive growth in U.S. exports to Mexico - a record \$40.6 billion in 1992 - and a \$5.4 billion trade surplus helped lead the United States out of the recession. Today, Mexico

continued on page 6

REGIONAL-INTERNATIONAL CONTACTS CONTINUED

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Association (LIIEA) was founded in 1962
to serve the International business comto serve the International business comLong Island. In Import and export, on
Long Island.

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Council is a pict profit of the council is a pict profit of th

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Foreign Trade (MCAFT) is a subsidiary
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international trade in the Morris County
area by utilizing our Chamber of
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The STWCA exist to increase international trade opportunities for Southern
Tier firms, It strives to loster an interchange of information among its members' as well as provide assistance
through shared expertise to those firms
entening or seeking to expand their international markets.

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U.S.-Arab Chamber of Commerce

The U.S.-Arab Chamber of Commerce, the only national organization dedicated to promoting U.S.-Arab trade, offers invaluable services to U.S. companies interested in developing or increasing trade with the Arab world. The Chamber is a unique organization with direct links to Arab Chambers Commerce from Oman to Morocco, Saudi Arabia to Syria, in virtually every city of the region. U.S.-Arab Chamber of Commerce members range from Fortune 100 corporations to entrepreneurs. small Headquartered in Washington, DC, the U.S.-Arab Chamber of Commerce has regional offices in Chicago, IL and New York, NY and a representative office in Dallas, TX. The U.S.-Arab Chamber of Commerce (Pacific), Inc. is an affiliated chamber located in San Francisco, CA.

The Chamber sponsors seminars and conferences designed to provide the latest information related to doing business in the region. The Chamber provides a wide range of publications: information on markets targeted for growth; in-depth analysis and research of specific trade opportunities; and updates on important changes in U.S. and Arab regulations that directly affect U.S.-Arab trade. Custom research on specific sectors and lists of agents are available from all Chamber offices. The Chamber also hosts major trade delegations from Arab countries, which offer opportunities for U.S. companies to meet face-to-face with key businessmen and officials.

In addition, the U.S.-Arab Chamber of Commerce is set to launch an online information network linking the United States, Europe, and the Arab World. Considered one of the world's first information highways, U.S.-Arab DataNet links our members in the United States with other Arab Chamber members in some 30 countries. Through U.S.-Arab DataNet, you can now send, receive and respond to trade leads instantaneously. For example, when a Saudi company enters a trade lead for computer software onto the DataNet, your company will know about that trade lead seconds after it was written not two months later

In addition to the trade lead service, U.S.-Arab DataNet also gives you your own E-mail address as well as access to a variety of databases. These include selected marketing information on some 14 million domestic and international corporations collected and reported by Dun & Bradstreet, and the full text of documents filed with the Securities &z Exchange Commission reported by SEC Online. So after you read a trade lead, you can "check out" your potential business partner.

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ORGANIZATIONS

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International



ORGANIZATIONS

Mexico - continued from page 4

passes Japan as the secondlargest foreign market for U.S.manufactured goods.

In many ways, the Mexican-U.S. relationship has a good balance. For example, Mexico's labor cost advantages are offset by the high productivity of U.S. workers — on average five times greater than their Mexican counterparts. Another example, as the Mexican economy develops, there will be an increased demand for the advanced products made in the U.S.

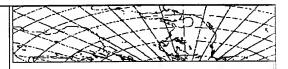
The Ecolo-Chief Company of Grand Island, Nebraska, has used its years of experience in the U.S. to meet growing demand for environmental technology in Mexico. Ecolo-Chief sold its first wastewater treatment system to Mexico in 1990. In 2 years, 60 percent of the division's sales are in Mexico.

By their very nature, small businesses are posed for success in Mexico. Quick reaction times, minimal bureaucracies and flexibility allow smaller entities to compete in a market that has its own unique challenges. Learning the ropes is going to be critical to any company's success. But fairer trade laws and the superior performance of U.S. workers and technology provide a healthy competitive edge in opening a fast-emerging market.

- Ronald H. Brown

U.S. Secretary of Commerce

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Bi-National & Multi-National Organizations

Ms. Dorothy Davis-Joseph
Director of Public Affairs
African-American Institute
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Mr. George Lin President American-Fukien Chamber of Commerce 8 Chatham Square New York, NY 10038 TEL: (212)233-2226 FAX: (212)233-2226

Mr. Wayne Forrest
Executive Director

Executive Directions
American Indonesian Chamber of
Commerce Inc.
711 Third Avenue, 17th Floor
New York, NY 10017
TEL: (212)687-4505 FAX: (212)867-9882

Mrs Ronny Bassan Executive Director American Israel Chamber of Commerce 30 Fith Avenue, Suite 1919 New York, NY 10118 TEL: (212971-0330 FAX: (212)971-0331

Mr. Carlos E. Alfaro President Argentine American Chamber of commerce 10 Rockefeller Plaza, Suite 1001 New York, NY 10020 TEL: (212698-2238 FAX: (212698-2239

Mr. George Suter Chairman Asian-U.5. Trade Councit 425 Madison Avenue New York, NY 10017 TEL: (212)688-2755 Mr. Robert Coles
Executive Director
Belgian American Chamber of
Belgian American Chamber of
Commerce in the U.S. Inc.
330 Fifth Avenue, Suite 703
New York, NY 10118
TEL: (212)967-9898 FAX: (212)629-0349
The Belgian American Chamber of
Commerce, with chapters in New York
anniversary in 1995. The Chamber's aim
is to promote Belgium, its people and its
products and to develop and strengthen
commercial ties between the Belgian and
American business community

Ms. Vivian Morgan-Mendez
Executive Director
Brazilian-American Chamber of
Commerce
22 West 48th Street Suite 404
New York, NY 10036
TEL: (212)575-9030 PAX: (212)921-1078
The Brazilian-American Chamber of
Commerce is an independent, non-profit
business organization. The objective of
the Chamber is to promote trade and
investment between the United States
and Brazil as well as contributing to the
growth of blateral economic relations.

Mr. Fabienne Edmeades
Executive Director
British American Chamber of
Commerce
52 Vanderbit Avenue
New York, NY 10017
TEL: (212)661-4006 FAX: (212)661-4074

Can-Am Business Association Greater Buffalo Chamber of Commerce 300 Main Place Tower Buffalo, NY 14202 TEL: (716)852-7100 FAX: (716)852-2761

Mr. Roy Hastick President Caribbean-American Chamber of Commerce & Industries Brooklyn Navy Yard, Bldg. 5, Mezz A. Brooklyn, NY 11205 TEL: (73)834-4544 FAX: (718)834-9774

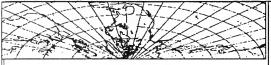
Mr. Bert Ruiz President Colombian-American Association 150 Nassau Street Suite 2015 New York, NY 10038 TEL: (212)233-7776 FAX: (212)233-7779 The CAA, a business association promoting Investment and commerce between the U.5. and Colombia, hosts programs with guest speakers and publishes a monthly economic newsletter.

continued on page 7

Page 6

Internationalist

September 1993 - December 1993



Bi-National & Multi-National Organizations continued

Ms. Vicki Banner

Mr. Werner Walbroel

Ms. Sue Lombard Exec. Vice President Council for the United States & Italy 1330 Avenue of the Americas New York, NY 10019 TEL: (212) 258-1160 FAX: (212)489-5295 'Mr. Igor B. Rounov Mr. 1gor B. Rounov Executive Vice President Council for Trade and Economic Cooperation (USA-CTS), Inc. 645 Madison Avenue New York, NY 10022 TEL: (212)593-1686 FAX: (212)593-1467

Ms. Susanne Toyberg Director Danish American Chamber of Commerce 825 Third Avenue 32nd Floor New York, NY 10022-7519 TEL: (212)980-6240 FAX: (212)754-1904

Mr. Andrew Klinger President Ecuadorean-American Association 150 Nassau Street Suite 2015 New York, NY 10038 TEL: (212)233-7776 FAX: (212)233-7779 The EAA, a business association promoting investment and commerce between the U.S. And Ecuador, hosts programs with guest speakers and publishes a monthly economic newsletter.

Ms Shenal Eid President Euro-American Partnership 45 Pondfield Road W. - Suite 3E Bronxville, NY 10708-2916 TEL: (914)337-4201 FAX: (914)961-0800 A business network of European buyers and sellers seeking contacts with American importers, exporters and investors.

Mr Sven C. Oehme Managing Director European-American Chamber of Commerce in the United States 520 Madison Avenue, 37th Floor New York, NY 10022 New York, NY 10022
TEL (21)242-1065 FAX: (21)2715-4477
The European-American Chamber of
Commerce in the United States (EACC-USA) represents European Country
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by creating a bilateral organization representing corporations engaged in
transsitiantic trade Membership in this
the members of those bilateral chambers
which belong to the EACC-USA at no
charge. charge.

Mr. Robert A. Bergquist President Finnish-American Commerce Chamber of 380 Madison Avenue, 24th Floor New York, NY 10017 TEL: (212)808-0978 FAX: (212)490-1041

Deputy Managing Director French-American Ch Commerce in the US Chamber 509 Madison Avenue Suite 1900 New York, NY 10022 TEL: (212)371-4466 FAX: (212)371-5623 TEL (212)371-4466 FAX: (212)371-5623
The French-American Chamber of Commerce (FACC) is an independent, non-profit, applittical organization founded in 1896 to promote sound, strong trade relations between the United States and france. To achieve those among Chamber members, the trade and economic offices of the French government, U.S. federal and state agencies, and trade and professional associations in both countries. The FACC speaks freely to administrative agencies members' concerns in support of free trade.

Executive Director German-American Commerce Chamber of Commerce 40 West 57th Street, 31st Floor New York, NY 10019-4002 TEL: (212)974-8830 FAX: (212)974-8867 TEL: (2129/4-8839 FAX: (212)/4-8867
The German American Chamber of
Commerce is a full-service business
organization providing consulting and
marketing services to U.S. businesses
and enterprises doing business with the
Federal Republic of Germany.

Ms. Joanne Pateas Executive Director Hellenic-American Chamber of Commerce 960 Avenue of the Americas, Suite 1204 New York, NY 10001 New York, NY 10001
TEL: (212):564-9281
The Chamber is a multi-faceted organization providing both a network and forum for its members to meet, interact, exchange ideas, and develop commercial and trade relations between Greece and the U.S.A. This is accomplished through seminars and receptions hosting political and business leaders.

CONTINUED ON DAGE 8

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New York, NY 10017 TEL: (212)686-4100 FAX: (212)532-4138 Icelandic-American Chamber of Commerce was established in 1986. Its object and purpose is to promote, advance and protect direct commercial and social relations between Iceland and the United States.

Mr. Rany Khanna President President India-America Chamber of Commerce c/o LeBoeuf, Lamb, Leiby & McRae 520 Madison Avenue New York, NY 10022

TEL: (212)424-8000 FAX: (212)424-8500

Mr. Charles Boyle Executive Director Ireland Chamber of Commerce in the U.S. Inc. 1305 Post Road Fairfield, CT 06430 TEL: (212)248-0008 FAX: (203)255-6752

Mr. Roy Rossetti Executive Director Executive Director Italy-America Chamber of Commerce 350 Fifth Avenue Suite 3015 New York, NY 10118 TEL: (212)279-5520 FAX: (212)279-5839

Mr. Derryck E. Cox Jamaican-American Chamber of Commerce, Inc.

P.O. Box 800 New York, NY 10024 TEL: (212)877-8900 FAX: (212)877-1905

Mr. Tsutomu Karino

Kr. Sutomu Karino

Executive Director & Secretary

Japanese Chamber of Commerce and
Industry of New York, Inc.

145 West 57th Street

New York, NY 10019 TEL: (212)246-8001 FAX: (212)246-8002 TEL: C212246-8001 FAX: (212246-8002 An organization, incorporated in the City and State of New York sixty-one years ago, to promote and foster strong finendship ties between the United States and Japan. The Chamber provides a venue for American and Japanese business leaders to convene and speak freely main him is to develop and nurture the world's most important bilateral relationship.

Mr. Ock Lee Chairman

Korea Trader's Representatives Club of New York 460 Park Avenue Suite 603 New York, NY 10022 TEL: (212)826-0900

Mr Won Chang President Korean Foreign Trade Association 460 Park Avenue Suite 600

New York NY 10022

New York, NY 10022 TEL: (212)421-8804 FAX: (212)223-3827 The Korea Foreign Trade Association (29,000+ companies) was founded in 1946 as a non-profit organization to pro-mote the development of Korea's foreign trade. The KFTA offers information and other free services to all businesspeople.

Mr. Fernand Lamesh President Luxembourg American Chamber of Commerce

350 Fifth Avenue, Suite 1322 New York, NY 10118 TEL: (212)967-9898 FAX: (212)629-0349

Mr David Lamptom MI JAVIG LAMPIOM National Committee on United States China Relations 777 United Nations Plaza New York, NY 10017 TEL: (212)922-1385 FAX: (212)557-8258

Mr. Lane C. Grijns Netherlands Chamber of Commerce in the U.S. Inc. One Rockefeller Plaza, 11th Floor New York, NY 10020 TEL: (212) 265-6460 FAX: (212)265-6402

Mr. James Van Westering President New York Forum on Eastern Europe P.O. Box 4176 Parkside Station Forest Hills, NY 11375 TEL: (718)268-1246 FAX: (718)268-1246

Executive Director Nigerian-American Chamber of Commerce, Inc. 828 Second Avenue New York, NY 10017 TEL: (212)808-0301

Mr. Lester Ziffren Executive Director North American - Chilean Chamber of Commerce 220 East 81st Street New York, NY 10028 New York, NY 10028
- TEL: (21)288-5991 FAX: (212)628-4978
The North American-Chilean Chamber of Commerce was organized in 1979 by a group of U.S., Chilean and Canadian executives, to foster improved trade and commerce between their respective counties.

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Bi-National & Multi-National Organizations CONTINUED

Mr Stephen Cooney Regional Manager Northeast U.S.-Arab Chamber of Commerce

Commerce
420 Lexington Avenue, Suite 2739
New York, NY 10170
TEL: (212)986-9024 FAX: (212)986-0216
Provides a wide range of services and activities including: Itade seminars, hosting trade delegations, courseling for US, and Arab Companies, certification of commercial documents, research services, and publications that list current business opportunities and explain how to do business in the Arab world.

Ms. Inger M Tallaksen General Manager Norwegian American Chamber of Commerce 800 Third Avenue New York, NY 10022 TEL: (212) 421-9210 FAX: (212)838-0374

NACC promotes the development of Norwegian-American business and irade to the company of the com

Mr. P.E. Sibilia Peruvian American Association Inc. 10 Rockefeller Plaza, Sunte 1001 New York, NY 10020 TEL: (212)698-2238 FAX: (212)698-2239

Mr. A. Lewis Burndge Executive Vice President Philippine-American Chamber of Commerce

Commèrce
711 3rd Avenue, Suite 1702
New York, NY 10017
TEL: (212)79-2936 FAX: (212)867-9882
The Philippine American Chamber of
Commerce is a not-for-profit organiza-tion founded in 1920 by American firms
and individuals "to foster and promote
and individuals "to foster and promote
united States and the Philippines and
their respective peoples, and to serve
those persons and organizations having
financial, trade and professional interests
mether or both countries."

Mr. Robert G. Faris President Polish-American Enterprise Fund 535 Madison Avenue New York, NY 10022 TEL: (212)339-8330

Ms. Anna Cochat

Ms. Anna Cochat Executive Director Portugal-U.S. Chamber of Commerce 509 Fith Avenue New York, NY 10036 TEL: (212)354-4627 FAX: (212)575-4737 This Chamber is a private, non-profit and non-political association whose members have access to commercial ser-vices, to assist in expanding operations to Torugal as well as, publications and special events.

Mr. Kevin D. Callahan Executive Director
Spain • U.S.A. Chamber of Commerce
350 Fifth Avenue, Suite 3514
New York, NY 10118 TEL: (212) 967-2170 FAX: (212)564-1415

The Spain-USA Chamber of Commerce is a private, non profit membership orga-nization dedicated to promoting busi-ness lies between Spain and the United States.

Swedish American Chamber of Commerce Inc. Commerce Inc.
599 Lexington Ave.
New York, NY 10022
TEL: (21)283-5509 FAX: (212)755-7953
The Swedish-American Chamber of Commerce process to advance the companyations and to coordinate their activities so that Swedish industry may speak with one voice on significant malters of commercial policy and trade be

Mr. Olle Wijhstrom

Mr. Walter Diggelmann Executive Director Swiss-American Commerce Chamber 37 West 67th Street New York, NY 10023 TEL: (212)213-0482 FAX: (212)873-2836 Holds periodic meetings and special events on issues of concern to the Swiss American and American Swiss business community. Publishes directories, newsletters and english translations of swiss laws.

Mr. Frank Funaro Vice President
The Partnership-USA/Northern Ireland c/o Golin/Harris Comm 666 Third Avenue New York, NY 10017 TEL: (212)697-9191 FAX: (212)697-3720

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09/10/93 - [Ewing, NJ] - Distribution Agreements Mercer County Community College/CoreStates [(609)586-9446]

09/21/93 · [Cherry Hill, N[] - New Commerce Programs & NTDB Overview South Jersey Exporters Association [609)989-2100]

09/27/93 - 12/20/93 - [New York, NY] -Introduction to International Business and Finance New York University School of Continuing Education [(212)998-7171

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09/29/93 - 12/15/93 - [New York, NY] -Principles of International Trade New York University School of Continuing Education [(212)998-7171

10/02/93 - 12/11/93 - [New York, NY] -Introduction to International Business and Finance New York University School of Continuing Education [(212)998-7171 10/09/93 - [New York, NY] - Going Global New York University School of Continuing Education [(212)998-7171

10/08/93 - [Union, N]] - Pre-Export Seminar: Evaluating Your Export Potential Small Business Development Center - Kean College [(908)527-2946]

10/09/93 - 12/18/93 - [New York, NY] -Running Your Own Import/Export Business New York University School of Continuing Education [(212)998-7171

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10/20/93 - [Waterbury, CT] - Guidelines for Successful Exporting Terkyo Post University ((203)596-4680]

10/26/93 - [Lincroft, N]] - Introduction to International Trade Brookdale Community College [(908)224-2880]

11/06/93 - [New York NY] -Introduction to International Business New York University School of Continuing Education [(212)998-7171

10/07/93 - [New York, NY] - Identifying, Selecting, Developing, Preparing and Measuring Global Talent National Foreign Trade Council, Inc. [(212)399-7128]

COUNTERTRADE

11/16/93 - 11/17/93 [New York, NY] -Alternative Methods of International Trade Assist International [(212)725-3311]

09/02/93 - 09/03/93 [Princeton, NJ] -AFTA after NAFTA: Academic Symposium with Princeton University Korca Economic Institute of America [(202)371-0690]

10/21/93 - [New York, NY] - Asia Pacific Roundtable National Foreign Trade Council, Inc. [(212)399-7128]

10/22/93 - [Bergen County, N.J.] - Doing Business in Indonesia, China and Singapore Bergen County Community College International Business Roundtable [(201)447-7167]

10/22/93 - [New York, NY] - China and Vietnam - Business and Human Resource Issues National Foreign Trade Council, Inc. [(212)399-7128]

12/10/93 - [Fairfield, CT] - Pacific Rim Trade Conference Connecticut Business & Industry Association International Trade Council [(203)244-1900]

COUNTRY-AUSTRALIA

09/24/93 - [New York, NY] - Australia's Recent Economic Developments, Prospects and Policies The Asia Society [(212)288-6400]

COUNTRY-BELGIUM 09/09/93 - [New York, NY] - Business Card Exchange at the Generale Bank Belgian Amencan Chamber of Commerce [212)967-9698]

09/27/93 - [New York, NY] - Breakfast Meeting with the Belgian Minister of Foreign Affairs Belgian American Chamber of Commerce [(212)%7-9898]

COUNTRY-BRAZIL

10/01/93 - [New York, NY] - Seminar on Leasing: Legislation Update Brazilian American Chamber of Commerce [(212)575-9030]

11/30/93 - [New York, NY] - Business Card Exchange Brazilian American Chamber of Commerce [(212)575-9030]

COUNTRY-CANADA

10/07/93 - [Princeton, NJ] - Canada Day U.S. Department of Commerce [(609)252-0775]

COUNTRY-CENTRAL AMERICA

09/15/93 - [Vineland, NJ] - Untapped Central American Markets Cumberland County [(609)463-2177]

COUNTRY-CHINA

11/16/93 - [Hartford, CT] - How to Export to China U.S. Department of Commerce Hartford District Office [(203)240-3530]

11/24/93 - [Rochelle Park, NJ] - Doing Business in the People's Republic of China Bergen Community College [(201)417-7167]

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EVENTS CALENDAR

SEPTEMBER 1993 - DECEMBER 1993

COUNTRY-EASTERN EUROPE

10/26/93 - [New York, NY] - Eastern Europe/Russia Roundtable National Foreign Trade Council, Inc. [(212)399-7128]

COUNTRY-EGYPT

10/01/93 - [New York, NY] - Reception to Honor Ambassador Ahmed Maher, Egypt's Ambassador to the United States U.S.-Egypt Chamber of Commerce [(212)867-2323]

COUNTRY-EUROPE

OUNTRY-EUROPE 09/30/93 - [New York, NY] - Europe 1994: Growth or Stagnation - An Economic Outlook for Switzerland, Europe and the World Swiss American Chamber of Commerce [(212)875-9688]

10/27/93 - [Stamford, CT] -Environmental Issues and Doing Business in Europe Connecticus Ususiness & Industry Association International Trade Council (203)244-1900]

COUNTRY-FRANCE

09/15/93 - [New York, NY] -Discrimination in the Work Place: Creating a Litigation Free Environment French-American Chamber of Commerce in the United States, Inc. [(212)371-4466]

09/21/93 - [New York, NY] - Economic Outlook Briefing II French-American Chamber of Commerce in the United States, Inc. [(212)371-4466]

09/30/93 - [New York, NY] - Business Card Exchange III, hosted by Boussac of France French-American Chamber of Commerce ((2)2)371-4466]

10/13/93 - [New York, NY] - Mini-Seminar Design/Marketing French-American Chamber of Commerce in the United States, Inc. [(212)37]-4466]

11/10/93 - [New York, NY] -Mini-Seminar: Customer Relations: Listening to the Consumers' Needs French-American Chamber of Commerce in the United States, Inc. [(212)371-4466]

11/16/93 - [New York, NY] - Breakfast Briefing II on U.S. and French Taxation French-American Chamber of Commerce in the United States, Inc. [(212)371-4466]

11/18/93 - [New York, NY] - Special Luncheon French-American Chamber of Commerce [(212)37)-4466]

COUNTRY-GERMANY

OUNTRT-GERMANY
09/28/93 . New York, NY] - Luncheon
with Max Worcester, Franturter
Allgemeine Zeitung German American
Chamber of Commerce [(2129974-8830)
11/04/93 - New York, NY] German-American Negotiating German
American Chamber of Commerce
(212974-8850)

COUNTRY-GREECE

10/18/93 - [New York, NY] - U.S. Oil Pollution Act - Who Will Bear the Costs of Compliance Hellenic- American Chamber of Commerce [(212)629-6380]

COUNTRY-IRELAND

10/20/93 - [Bergen County, N]] - Doing Business with Ireland Bergen County Community College International Business Roundtable ([201)447-7167]

COUNTRY-JAPAN

09/08/93 - [New York, NY] - Business Luncheon with Editor of U.S. News & World Report Japanese Chamber of Commerce & Industry [(212)216-8001]

10/04/93 - [New York, NY] - Cracking the Japanese Market - A Practical Guide NEXCO - National Association of Export Companies [(212)725-3311]

11/09/93 - [New York, NY] - Business Luncheon with Dean of Sloan School of Management at Massachusetts Institute of Technology (MIT) Japanese Chamber of Commerce & Industry [(212)216-8001]

COUNTRY-MEXICO

09/14/93 - |Buffalo, NY| - The Logistics of Trading with Mexico Western New York International Trade Council [(716)852-7160]

10/19/93 - [Buffalo, NY] - New Market Opportunities in Mexico Western New York International Trade Council [(716)852-7160]

11/17/93 - [Bergen County, N]] - Doing Business with Mexico: The Yucatan Pennisula Bergen County Community College Infernational Business Roundtable [(201)447-7167]

12/14/93 - [Buffalo, NY] - Protocol and Entertainment in Mexico Western New York International Trade Council [(716)852-7160]

COUNTRY-NORTH AMERICA

10/15/93 - [New York, NY] - North American Free Trade Agreement MINT - Minority International Network for Trade [(212)725-331]

11/03/93 - [Mt. Laurel, NJ] - Pro's and Con's: NAFTA South Jersey Exporters Association [(609)989-2100]

COUNTRY-NORWAY

09/08/93 - [New York, NY] - Norway's Role in Europe's Energy Future Norwegian-American Chamber of Commerce [(212)421-9210]

09/23/93 - [New York, NY] - How to Introduce Your Product Into the U.S. Norwegian-American Chamber of Commerce ((212)421-9210]

10/21/93 - [New York, NY] - Breakfast Meeting with President, Statoil North America Norwegian-American Chamber of Commerce [(712)421-9210]

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NEXC®

Tri-State Directory of **Export** Management & Trading Companies

NEXCO's publication lists over 700 Export Management and Trading Companies in the tri-state (CT, NJ, NY) area. Listings include names, addresses, telephone and telefax. Each listing also includes their product specialty.

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~ 7.2

Missions - Inbound

08/30/93-09/02/93 [New York, NY] Saudi Arabian Delegation Visiting International Security Conference & Exhibition U.S Department of Cummerce [(212)264-0603]

09/01/93 - 09/27/93 [New York, NY] 05/01/93-09/27/93 [New YOR, NY]
U.S. Department of Commerce's
Foreign Commercial Specialist From
Berlin Visiting the U.S. U.S.
Department of Commerce Specialist on
housing in Eastern Germany
[(212)26-0603]

09/06/93-09/10/93 [New York, NY] Trade Mission from the Madrid Chamber of Commerce Spain-US Chamber of Commerce, Inc. [(212)967-2170]

09/06/93 - [New York, NY] Visit by Uruguay Minister of External Relations Uruguayan American Chamber of Commerce [(212)713-5027]

09/15/93 - [Washington, DC] Visiting Trade Delegation from Yemen U.S.-Arab Chamber of Commerce

09/16/93 - [New York, NY] Opportunity: Abu Dhabi - A Delegation of Business Leaders from the United Arab Emirates U.S. Arab Chamber of Commerce [(212)/986-8024]

09/19/93 - 09/20/93 [New York, NY] Visiting Trade Delegation from the United Arab Emirates U.S. Department of Commerce [(212)264-0603]

09/20/93 - New York, NY] Visiting Trade Delegation from the Vietnam Chamber of Commerce and Industry U.S.-ASEAN Council for Business and Technology [(202)289-1911

09/20/93-09/24/93 [New York, NY] Trade Mission from the Burgos Chamber of Commerce Spain-US Chamber of Commerce, Inc. [(212)967-2170)

09/20/93 - 09/21/93 [New York, NY] Visit of South African Development Team African-American Institute [(212)949-5666]

09/20/93-10/16/93 [New York, NY] Visit of Women in the Media African-American Institute [(202)

11/09/93 - 11/10/93 [Teaneck, Nj] Japanese Specialty Chemicals Buying Mission Visit to Region JETRO/U.S. Department of Commerce [(609) 989-2100]

September 1993 - December 1993

11/30/93 - [New York, NY] - The Norwegian Economy - A Cautious Recovery Norwegian-American Chamber of Commerce ((212)421-9210]

COUNTRY-POLAND

09/22/93 - [New York, NY] -Manufacturing in Poland (includes Preview of the Annual UNIDO Cnference "Investing in Poland") US-Poland Chamber of Commerce [698)486-9311]

09/23/93 - [New York, NY] - Business Climate in Poland: Presentation by Chairman Pekao Bank Global Economic Action Institute [(212)839-7358]

10/27/93 - New York, NY] -Establishing Joint Ventures With Polish Partners/Legal Aspects of Doing Business in Poland U-Poland Chamber of Commerce [(908)486-9311]

11/17/93 - [New York, NY] - Insurance Market in Poland/Consultancy in Poland US-Poland Chamber of Commerce [(908)486-9311]

12/15/93 - [New York, NY] - Marketing and Advertising in Poland US-Poland Chamber of Commerce [(908)486-9311]

COUNTRY-RUSSIA 10/21/93 - 10/22/93 [New York, NY] -Prospects For Russian Trade World Trade Institute [(212)435-3160]

COUNTRY-SLOVAKIA 09/26/93 - [Holmdel, NJ] - Doing Business with and in Slovakia Slovak Hentage Festival [(201)656-6700]

COUNTRY-SOUTH AMERICA

09/23/93 - [Waterbury, CT] - How to Sell to Emerging South American Markets U.S. Department of Commerce Hartford District Office ((203)240-3530) 10/20/93 - [New York, NY] - Latin America Roundtable National Foreign Trade Council, Inc. [(212)399-7128]

10/22/93 - [Suffern, NY] - South American Markets Tappan Zee International Trade Association [0]43426-6123]

11/30/93 - [Buffalo, NY] - Doing Business in Latin America Western New York International Trade Council [(716)852-7160]

12/07/93 - [New York, NY] - Update on Benefit and Compensation Issues in Latin America National Foreign Trade Council, Inc. ([212399-7128] COUNTRY-SWITZERLAND

09/27/93 - [New York, NY] -Switzerland in Europe Swiss American Chamber of Commerce [(212)875-9688]

11/03/93 - {New York, NY} - Social Security Swiss American Chamber of Commerce [(212)875-9688]

11/11/93 - [New York, NY] - Monthly meeting Swiss American Chamber of Commerce [(212)875-9688]

12/01/93 - [New York, NY] - Monetary Policy Swiss American Chamber of Commerce [(212)875-9688]

COUNTRY-THAILAND

10/05/93 - [New York, NY] - U.S.-Thailand Business Workshop U.S.-Asean Council [(202)289-1911]

COUNTRY-UNITED KINGDOM 09/23/93 - [New York, NY] - Private Members Reception British American Chamber of Commerce [(212)661-4060]

COUNTRY-VIETNAM

09/22/93 - [New York, NY] -Positioning for the New Frontier -Vietnam NEXCO - National Association of Export Companies [(212)/25-3311]

09/15/93 - {New York, NY} - Luncheon Honoring Le Van Bang, Ambassador of Vietnam to the United Nations Vietnam-American Chamber of Commerce {(212)682-4850}

10/04/93 - [New York, NY] - Luncheon Honoring the Honorable Nguyen Dinh Loc, Minister of Justice of Vietnam Vietnam-American Chamber of Commerce [(212)682-4850]

10/15/93 - [New York, NY] - Luncheon Honoring Managing Director of Central Trading and Development Corporation of Taiwan Vietnam-American Chamber of Commerce [(212)682-4850]

09/14/93 - [New York, NY] - Credit Round Table FC1B-NACM [(212)947-5368]

09/29/93 - 12/15/93 - [New York, NY] -Letters of Credit and Other Financial Instruments for Importers and Exporters New York University School of Continuing Education [(212)998-7171

10/19/93 - [Cherry Hill, NJ] - Letter of Credits New Jersey District Export Council [(609)771-5646]

10/23/93 - [New York, NY] - Letters of Credit and Other Financial Instruments New York University School of Continuing Education [(212)998-717]

10/27/93 - 10/29/93 [New York, NY] -Export/Import Letters of Credit Wurld Trade Institute [(212)435-4044]

12/15/93 - 12/17/93 [New York, NY] -Letters of Credit: A Workshop for Bankers World Trade Institute [(212)435-4044]

CULTURAL

11/05/93 - [Pennington, NJ] - Cultural Differences Mercer County Small Business Development Center [(609)586-9446]

11/06/93 - [North Branch, NJ] - Cross Cultural Strategies for International Business Raritan Valley Community College [(908)526-1200]

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Internationalist



EVENTS Calendar

SEDTEMBER 1993 - DECEMBER 1993

DOCUMENTATION

09/07/93 - 09/08/93 [New York, NY] -Export Workshop UNZ & Co. [(201)795-5400]

09/28/93 - [New York, NY] - ICC Documentary Credit Rules: An Export Documentation Workshop Series on UCP 500 U.S. Council for International Business [(212)354-4480]

10/12/93 - [New York, NY] - Export Documentation Developments NEXCO- National Association of Export Companies [(212)725-3311]

10/19/93 - [Danbury, CT] - Export Documentation U.S. Department of Commerce Hartford District Office [(203)240-3530]

EXPORTING

09/15/93 - [New York, NY] - ATA Carnet - The Merchandise Passport: Making the Export Expeditor Work For You! U.S. Council for International Business [(212)354-4480]

09/21/93 - [Hartford, CT] - Essentials of Exporting U.S. Department of Commerce Hartford District Office [(203)240-3530]

09/25/93 - [Atlantic City, N]] - How to Develop Your Own Export Business or Department New Pastures Trading Company ((703)273-2779)

09/29/93 - [New York, NY] - ATA Carnet - The Merchandise Passport: Making the Export Expeditor Work For You! U.S. Council for International Business [(212)354-4480]

09/30/93 - [Bristol, CT] - Essentials of Exporting U.S. Department of Commerce Hartford District Office [(203)240-3530]

10/07/93 - [New York, NY] - ATA Carnet - The Merchandise Passport: Making the Export Expeditor Work For You! U.S. Council for International Business [(212)354-4480]

12/08/93 - 12/10/93 [New York, NY] -Export Operations Workshop World Trade Institute [(212)435-4044]

12/09/93 - [New York, NY] - Freight Forwarders Workshop US Department of Commerce Bureau of Export Administration [(603) 598–4300]

09/09/93 - [New York, NY] -International Finance Workshop UNZ & Co. [(201)795-5400]

09/13/93 - 09/15/93 [New York, NY] -Letters of Credit: A Workshop for Bankers World Trade lastitute [(212)435-4044]

09/15/93 · [Rochelle, N]] - Factoring Bergen Community College [(201)447-7167]

09/22/93 - 09/23/93 [Tarrytown, NY]-International Trade Finance Conference International Business Magazine (914)381-7700]

09/24/93 - [New York, NY] Developing and Implementing and Effective Foreign Exchange Hedging Program: Use of Forwards, Options and Dryty Products World Trade Institute [(212)435-3160]

09/30/93 - 12/16/93 - [New York, NY] -Financing Imports & Exports New York University School of Continuing Education ((212)998-7171

10/04/93 - 10/05/93 [New York, NY] -Financial Reporting for International Operations: Tax, Accounting and Financial Issues World Trade Institute At World Trade Center New York [(212):435-3160]

10/05/93 - 12/07/93 - {New York, NY}-International Corporate Finance New York University School of Continuing Education ((212)98-7171

10/07/93 - [North Branch, N]] - Export Financing & Payments Raritan Valley Community College [(908)526-1200]

10/13/93 - [Danbury, CT] - Export Financing & Payment U.S. Department of Commerce Hartford District Office [(203)240-3530]

10/29/93 - 12/11/93 [New York, NY] -International Dimensions of Financial Management (An Early Riser Program) World Trade Institute [(212)435-3160]

11/02/93 - [Montclair, N]] - International Finance Montclair TTC ((201)655-7464]

11/03/93 - 11/04/93 [New York, NY] -International Money Laundering & Wire Transfer Fraud Institute for International Research [(212):661-8740]

11/18/93 - 11/19/93 [New York, NY] -Internal Auditing in Today's Computer Environment: World Trade Institute [(212)435-3160]

11/19/93 - [Somerville, N]] - Trading in Buyer's Currency Raritan Valley Community Collège International Round Tablé [(908)526-1200]

11/19/93 - [Suffern, NY] - Export Financing Tappan Zee International Trade Association [(914)426-6123]

12/03/93 - [Trenton, N]] - Movement of Monies - Alternative Ways of Getting Paid Mercer County Community College/CoreStates Bank [(609)989-2100]

12/06/93 - 12/07/93 [New York, NY] -Fundamentals of Foreign Exchange: Orientation and Review of the Foreign Exchange Market World Trade Institute [(212)435-4044]

12/14/93 - 12/16/93 [New York, NY] -Foreign Exchange Trading Workshop World Trade Institute [(212)435-4044]

CONTINUED ON DAGE 14

Missions - Outbound

09/17/93 - 09/26/93 Trade Mission To Ghana NJ Department of Commerce [(201)648-3518]

09/27/93 - 10/03/93 Plovdiv International Fair - Plovdiv, Bulgaria NJ Department of Commerce [(201)648-3518]

10/03/93 - 10/10/93 Economic Trade Mission to Trinidad and Tobago Caribbean American Chamber of Commerce and Industry Explore joint ventures opportunities. [(718)834-4544]

10/09/93 In 197,732 Korea Electronics Show - Seoul, Korea XPORT-Port Authority Trading Company [(212)435-3069]

10/17/93 To 17793
Construction and Trade/Investment
Delegation to Egypt U.S.-Egypt
Chamber of Commerce [(212)867-2323]

10/18/93 - 10/29/93 Multi-State Trade Days - Jakarta, Singapore, Kuala Lumpur & Manila NYS Department of Economic Development International Division [(212)827-6135]

10/21/93 - 10/25/93 Shenzhen International Machinery & Industrial Supplies Fair - Shenzhen, China NYS Department of Economic Development International Division [(212)827-6215]

11/01/93 Hi-Tech Hi-Tech Investment & Trade Delegation to Egypt U.S.-Egypt Chamber of Commerce [(212)867-2323]

11/01/93 - 11/04/93 Medical Products Mission to Canada U.S. Department of Commerce/NYS Department of Economic Development [416)203-0351]

11/05/93 - 11/09/93 Building Malerials Trade Fair - Taipei, Taiwan NJ Department of Commerce {(201)648-3518}

11/09/93-11/13/93 PRODUCTRONICA 93 - Munich, Germany NYS Department of Economic Development International Division Electronic Production and Testino Electronic Production and Testing Equipment [(212)827-6213]

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EVENTS OF NOTE

08/31/93 - 09/02/93 - [Miami, FL] EXPORT AMERICA - Trade Show & Conference National Productions [(215)997-1182]

09/09/93 - [New York, NY] Visit of H.E. Major Pierre Buyoya, Former President of Burundi African-Amencan Institute [(212)949-5666]

09/09/93 - [Washington, DC] 109/09/93- [Washington, DC]
U.S. Maritime Policy - The Last Chance
to Get it Right Conference
Containenzation & Intermodal Institute [(201)226-0160]

09/20/93 - 10/16/93 - [Washington, DC/New York, NY/San Francisco, CA/Oklahoma City, OK/Charleston, WV/Columbia, SC/Orlando, FL] Visit of Women in Media under the thternational Visitors Program African-American Institute [(202):667-5636]

09/21/93 - [New York, NY] Gala Luncheon Featuring Margaret Thatcher Bntish-American Chamber of Commerce [(212)661-4060]

09/22/93 - 09/23/93 - [Tarrytown, NY] International Business Magazine's International Trade Finance Conference International Business [(914)381-7700]

/28/93 - 09/29/93 - [New York, NY] Visit of His Excellency Robert Mugabe of Zimbabwe African-American Institute [(212)949-5666]

09/29/93 - [Washington, DC] A Briefing on Indonesia: A Political and Economic Outlook American Indonesian Chamber of Commerce [(212)687-4505]

10/05/93 - [New York, NY] The Asia Society Annual Dinner Honoring His Excellency Chuan Leekpai, Prime Minister of Thailand The Asia Society [(212)288-6400]

10/07/93 - 10/08/93 - [Newark, NJ] Export Matchmaker '93 Metro Newark Chamber of Commerce/U.S. Small Business Administration [(201)CHAM-

10/08/93 - 10/28/93 - [Lansing, 10/08/93 - 10/28/93 - [Lansing, MI/Atlanta, GA/New Orleans, LA] The ASEAN Ambassadors Tour '93: led by ASEAN Ambassadors stationed in Washington DC. U.S.-ASEAN Council for Business and Technology, Inc. [(202)289-1911]

CONTINUED ON PAGE 15

SEPTEMBER 1993 - DECEMBER 1993

GENERAL 09/08/93 - 10/27/93 [New York, NY] -International Business Environments and Operations World Trade Institute [(212)435-4044]

09/09/93 - [Hartford, CT] - **Monthly** Meeting Connecticut International Trade Association [(203)688-0799]

09/09/93 - [Highlands Falls, NY] -Hudson Valley Manufacturers Expo Hudson Valley International Trade Association [(914)427-2602]

09/14/93 - [New York, NY] - Open Meeting International Business Group [(212)964-3640]

09/14/93 - [West Caldwell, N]] -Monthly meeting World Trade Association of New Jersey ((201)533-0233]

09/15/93 - [Bergen County, N]] - How Growth Companies Can Survive the International Trade Crunch Bergen County Community College International Business Roundtable [(201)447-7167]

09/17/93 - [Somerville, N]] - NY/N] Port Services in the 90s Rantan Valley Community College International Round Table [(908)528-1200]

09/17/93 - [Lincroft, N]] - Women Going International U.S. Small Business Administration/Brookdale Community College [(908)224-2315]

09/20/93 - [Binghamton, NY] - Monthly Luncheon Meeting Southern Tier World Commerce Association [(607)777-2342]

09/21/93 - {Elizabeth, NJ} - Monthly Meeting Union County Chamber of Commerce International Trade Committee [(908)352-0900]

09/23/93 - [New York, NY] - Monthly Meeting Air Cargo Association [(718)656-8111]

10/01/93 - [New York, NY] - Autumn Luncheon Meeting National Export Traffic League [(212)697-5895]

10/12/93 - [West Caldwell, N]] -Monthly meeting World Trade Association of New Jersey [(201)533-0233]

10/13/93 - [Plainview, NY] - Monthly Meeting Long Island Import Export Association [(908)582-9099]

10/15/93 [Somerville, NJ] -Symposium: World Economy Raritan Valley Community College International Round Table [(908)526-1200]

10/18/93 - [Binghamton, NY] - Monthly Luncheon Meeting Southern Tier World Commerce Association [(607)777-2342]

10/19/93 - [Elizabeth, N]] - Monthly Meeting Union County Chamber of Commerce International Trade Committee [(908)352-0900]

10/20/93 - [Vineland, NJ] -International Business Over Breakfast Cumberland County Chamber uf Commerce (609)989-2100]

11/09/93 - [West Caldwell, N]] -Monthly meeting World Trade Association of New Jersey [(201)533-0233]

1/10/93 - [Plainview, NY] - Monthly Meeting Long Island Import Export Association (908)582-9099]

11/15/93 - [Binghamton, NY] - Monthly Luncheon Meeting Southern Tier World Commerce Association [(607)777-2342]

11/16/93 - [Elizabeth, N]] - Monthly Meeting Union County Chamber of Commerce International Trade Committee [(908)352-0900]

11/17/93 - [Vineland, N]] - International Business Over Breakfast Cumberland County Chamber of Commerce [(609)989-2100]

12/07/93 - [Princeton, NJ] -International Development Forum Chamber of Commerce of the Princeton Area [(609)520-1776]

12/08/93 - [Plainview, NY] - Monthly Meeting Long Island Import Export Association (908)582-9099]

12/09/93 - [Norwalk, CT] - Monthly meeting Connecticut Foreign Trade Association [(203)348-6211]

12/14/93 - [West Caldwell, NJ] -Monthly meeting World Trade Association of New Jersey [(201)533-0233]

12/20/93 - {Binghamton, NY} - Monthly Luncheon Meeting Southern Tier World Commerce Association [(607)777-2342]

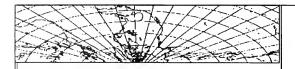
12/21/93 - [Elizabeth, N]] - Monthly Meeting Union County Chamber of Commerce International Trade Committee [(908)352-0900]

HUMAN RESOURCES

11/04/93 - 11/05/93 [New York, NY] -International Human Resources Forum: Managing the HR Dept. in a Global Environment World Trade Institute [(212)435-3160]

12/09/93 - [New York, NY] - Internationally Emerging Companies - Human Resources "Tripwires" National Foreign Trade Council, Inc. [(212)399-7128]

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EVENTS Calendar

September 1993 - December 1993

IMPORTING

09/27/93 - 11/22/93 - [New York, NY] -Importing for the First Time Importer New York University School of Continuing Education [(212)998-717]

09/30/93 - 02/17/94 - [New York, NY] -Customhouse Brokerage for License Applicants New York University School of Continuing Education [(212)998-7171

IOINT VENTURES

11/10/93 - [Vineland, N]] -International Technology Transfer South Jersey Exporter Association [(609)989-2100]

LEGAL

09/27/93 - 12/06/93 - [New York, NY]-Global Intellectual Property: Copyright and Related Issues New York University School of Continuing Education ((212)998-717)

09/30/93 - 12/13/93 - [New York, NY] -International Trade Law and Regulations New York University School of Continuing Education [(212)998-7171

10/07/93 - 10/08/93 [New York, NY] -Legal and Tax Aspects of Dealing With The Boycott World Trade Institute [(212)435-3160]

10/18/93 - 10/20/93 [New York, NY] -Customs Law Issues For U.S. Importers. World Trade Institute [(212)435-3160]

10/26/93 - [Hartford, CT] - Legal Aspects of Overseas AgenVDistributor Contracts & Licensing/Joint Ventures U.S. Department of Commerce Hartford District Diffice [(2032)40-332) 10/30/93 - [New York, NY] - Custom Laws New York University School of Continuing Education [(212)998-717]

11/15/93 - 11/17/93 [New York, NY] -Customs Law Issues For Importers of Apparel and Textiles. World Trade Institute [(212)435-3160] LICENSING

09/14/93 - [Uniondale, NY] - Export Licensing, Workshop Nassau County IDA ([516571-4160] 09/15/93 - [Uniondale, NY] - Managing Export Controls in the 1990s Nassau County IDA ([516)571-4160]

12/07/93 - [New York, NY] - Beginner's Guide to Exporting Computers US Department of Commerce Bureau of Export Administration [(603) 598-4300]

MARKETING

09/09/93 - [Princeton, NJ] -International Marketing: A Strategy Versus A Sales Approach Princeton Chamber of Commerce [(609)520-1776]

09/13/93 - 09/14/93 [New York, NY] -Marketing Worldwide: A Conference for Practitioners World Trade Institute at World Trade Center New York [(212) 435-3160] 09/30/93 - 12/16/93 - [New York, NY] -Marketing Strategies for Importers and Exporters New York University School of Continuing Education [(212)998-7171

09/30/93 - [Paramus, N]] - Seminar on National Trade Data Bank Bergen Community College [(201)447-7167]

10/05/93 - [Montclair, NJ] - Planning for International Business Montclair International Trade Counselling Center [(201)655-7464]

10/05/93 - [Danbury, CT] - Practical International Marketing U.S. Department of Commerce Hartford District Office [(203)240-3530]

10/07/93 - 10/08/93 [Newark, N]] -EXPORT MATCHMAKER 93 SBA/Metro Newark Chamber of Commerce [(201)645-3830]

10/07/93 - [Newburgh, NY] - New York State's Global Export Marketing Service (GEMS) Hudson Valley International Trade Association [(914)427-2602]

10/16/93 - [New York, NY] - Marketing Strategies for Importers and Exporters New York University School of Continuing Education [(212)998-717]

10/20/93 - 10/22/93 [New York, NY] -Introduction to International Marketing: Making the Most of Your Opportunities World Trade Institute [(212)435-3160]

10/22/93 - [Montclair, NJ] - Seminar on the National Trade Data Bank Montclair State College [(201)655-7464]

11/05/93 - [Trenton, N]] - Intercultural Relations & Communications Mercer County Community College/CoreStates Bank [(609)989-2100]

11/09/93 - [New York, NY] - Having the Trade Lead Chase You NEXCO-National Association of Export Companies [(212)725-3311]

12/01/93 - 12/03/93 [New York, NY] -International Advertising and Promotion (Business to Business) World Trade Institute [(212)435-3160]

12/03/93 - [New York, NY] - How To Survive And Thrive in A Global Economy - Build Your Domestic Sales By Exporting Center For Entrepreneurial Management, Inc. [212)633-0060]

12/09/93 - [Voorhees, NJ] -International Business Intelligence South Jersey Exporters Association [(609)989-2100]

12/12/93 - [New York, NY] - Unlocking the Mysteries of International Trade Shows NEXCO-National Association of Export Companies [(212)725-3311]

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Events of Note contined from page 14

10/18/93-[New York, NY] Evening Gala: A Salule to the Lillehammer Olympics Norwegian American Chamber of Commerce [(212)421-9210]

10/20/93 - (Brooklyn, NY) Brooklyn Goes Global Fashion Show Showcasing Designers and Manufacturers of the Apparel Industry Brooklyn Chamber of Commerce [(718)875-1000]

10/21/93 - 10/22/93 - [New York, NY] Antitrust in a Global Economy Fordham Corporate Law Institute [(212)636-6885]

10/27/93 - [New York, NY] Fifth Annual Textile & Apparel Trade & Transportation Conference U.S. Association of Importers of Textiles & Apparel [(212)463-0089]

11/01/93 - 11/05/93 - [Salt Lake City, UT/Cincinnati, OH/Baltimore, MD] U.S. Ambassadors Tour 93: Senior representatives Irom each of the U.S. Embassy posts in Southeast Asia will visit U.S. cities. U.S.-ASEAN Council for Business and Technology, Inc. [2022;84-1911]

11/15/93 - 11/16/93 - [Seattle, Wa] -Asia Pacific Economic Cooperation (APEC) Customs Trade Symposium U.S. Customs Service [(202)927-1440]

12/01/93 - 12/03/93 - [Washington, DC or New York, NY] Japan/US/Africa Conference II: "The Opening of African Economies and the Role of the Private Sector in Strengthening Movement and Change" African American Institute ((212)949-5666)

12/03/93 - [New York, NY] How to Survive and Thrive in a Global Economy - Build Your Domestic Sales By Exporting CEO Club - Center for Entrepreneurial Management, Inc. [(212)633-0060]

12/03/93 - 12/05/93 - [Anaheim, CA] INTERNATIONAL ASIAN EXPO 1993: The Premiere International U.S/Asian Business Event International Asian Expo [(600)621-5002]

12/10/93 - [New York, NY] 1993 Belgian American Friendship Award Belgian American Chamber of Commerce [(212)967-9898]



SOCIAL/CULTURAL **EVENTS**

09/09/93 - [Buffalo, NY] - Annual Boat Cruise Buffalo World Trade Association [(716)877-1452]

10/05/93 - [New York, NY] - Asia Society Annual Dinner The Asia Society [(212)288-6400]

10/13/93 - [White Plains, NY] -Twentieth Anniversary Dinner Twentieth Anniversary Dinner Featuring William C. Ferguson, Chairman NYNEX Corporation World Trade Club of Westchester [(914)948-64441

10/20/93 - [New York, NY] - Person of the Year Gala Award Dinner French-American Chamber of Commerce in the United States, Inc. [(212)371-4466]

11/05/93 - [New York, NY] - Tenth Annual Metropolitan Opera Gala fea-turing "La Boheme" Business Council for International Understanding [(212)490-0460]

11/09/93 - [New York, NY] - Tenth Annual Awards Dinner African American Institute [(212)949-5666]

11/18/93 - INew York, NYI - Ninth Annual Dinner Japanese Chamber of Commerce & Industry [(212)216-8001]

12/03/93 - [New York, NY] - Holiday Gala NEXCO-National Association of Export Companies [(212)725-3311]

12/09/93 - [New York, NY] - Annual Dinner Dance Brazilian American Chamber of Commerce [(212)575-9030]

12/15/93 - [New York, NY] - Christmas Reception French-American Chamber of Commerce [(212)371-4466]

12/16/93 - [New York, NY] - Christmas Luncheon Norwegian-American Chamber of Commerce [(212)421-9210]

12/16/93 - [New York, NY] - Thirty-Fifth Annual Christmas Luncheon British-American Chamber of Commerce [(212)661-4060]

SEDTEMBER 1993 - DECEMBER 1993

12/15/93 - [Bergen County, NI] - An Export Success Story Bergen County Community College International Business Roundtable [[201)447-7167]

12/17/93 - [Suffern, NY] - EBRD (Export Opportunities Through Development Banks) Tappan Zee International Trade Association [(914)426-6123]

STANDARDS

09/10/93 - [Suffern, NY] - ISO 9000 Quality Systems Standards Tappan Zee International Trade Association [(914)426-6123]

09/13/93 - [Teaneck, N]] - Licence to Compete: The 1SO 9000 Chemical Industry Conference Chemical Week Magazine [(212)621-4972]

09/17/93 - [Hartford, CT] - How to Successfully Implement ISO 9000/Q90 U.S. Department of Commerce Hartford District Office [(203)240-3530]

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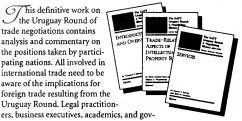


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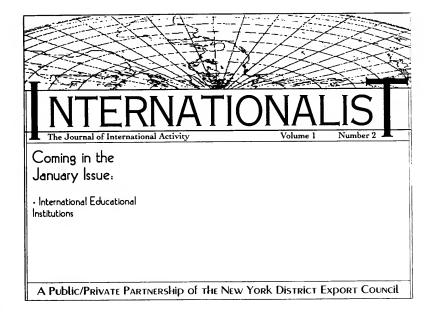
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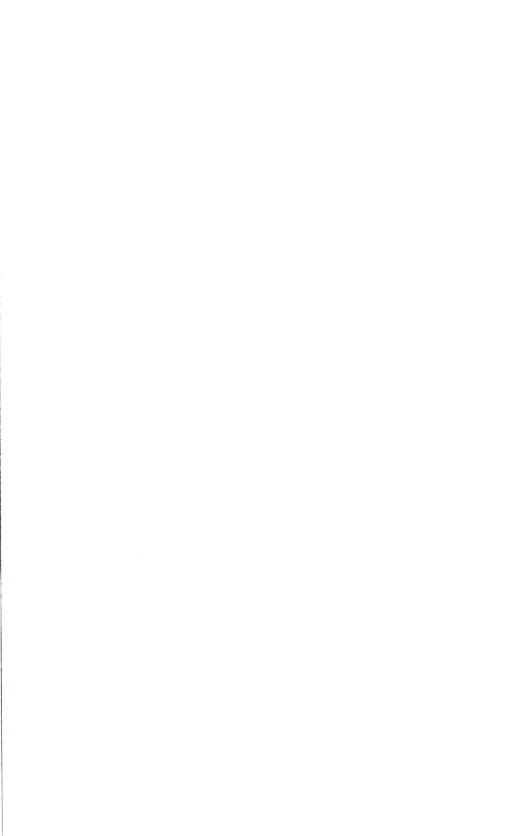
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